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NEWS SUMMARY

GENERAL

Nkomo pledges Queen's safety

BUSINESS

Wall St. up 10; Equities steady

WALL STREET closed 10.41 up at \$66.16 on investors' hopes that President Carter would stop raids into Zimbabwe Rhodesia while the Queen visited London and the Commonwealth Conference.

The move is designed to allay fears about the safety of the Queen, who is due to visit Zambia from July 27 to August 4. Leaders of the Commonwealth will meet in Lusaka from August 1 to 8.

However, an official of the Zimbabwe African People's Union - Nkomo's wing of the Patriotic Front - said he would not call it a cease-fire since "our forces will continue to operate in Rhodesia. The war will go on." Back Page

Rise for MPs

Cabinet Ministers will receive an immediate pay rise of 7.000 and backbenchers £3,500 a year under a revised deal tabled in the Commons yesterday. It follows pressure from MPs over the Boyle Committee recommendations. Back Page

Egypt arms delay

The US has postponed the planned sale of 50 F-5E fighter-bombers to Egypt. The State Department said Saudi Arabia had refused to pay the promised \$325m for the deal. Back Page

Drug barred

The Health Department has banned the sale of medicines for hayfever and allergies containing the anti-histamine drug mazindol. It follows evidence from the US that it can cause liver cancer in rats. Page 3

Bomb suspect

The Irish National Liberation Army, an extreme Left splinter group of the IRA, may have caused the bomb blast which wrecked the British Consulate office in Antwerp on Thursday night, police said.

Jet escape

Only two people were slightly hurt when an RAF Hunter jet crashed in the Cornish seaside resort of Tintagel minutes after the pilot ejected out at sea. The plane narrowly missed a petrol tanker. Back Page

Ace Martina

Martina Navratilova won the Wimbledon women's singles title for the second year yesterday, beating Chris Lloyd 6-4 6-1. John McEnroe and Peter Fleming won the men's doubles. John Kerrell, Page 14.

Holiday cheer

Motorists taking their cars to the Continent should have little difficulty in finding petrol, says a survey. Shortages exist in some European cities only. Page 4

Briefly

Church of England General Synod has rejected a proposal to allow women ordained abroad to practice in the UK.

Thomas Television closed transmission at 3.30 pm yesterday because of an industrial dispute. British bankers Ian Massie and Michael Chatterton flew to London after their kidnap ordeal in El Salvador.

Japanese aircraft will be told not to fly over the Pacific Ocean when the Skylab spacecraft is due to crash to earth next Wednesday.

Financial Times

The price of the Financial Times, after having stood at 15p for just over 18 months, will rise to 20p from Monday. The costs of improving the quality of our coverage, the increases in newspaper costs since the beginning of 1978, with large further rises in the pipeline, and the accelerating rate of inflation generally mean that it is no longer possible to hold down the price to the level of 18 months ago.

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

Malinson-Denny	70 + 34
May & Bassett	86 + 4
Norwest Holt	122 + 4
PAWSON (W.L.)	71 + 5
Status Discount	80 + 5
Unilever	516 + 5
Whessoe	135 + 5
Coss. Gold Fields	238 + 5
Rustenburg	138 + 5
Western Hedges	£161 + 5
FALLS:	
OH Exploration	323 - 14

Company profits fall in spite of North Sea oil

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

Profits from North Sea oil and gas are rising sharply, but the increase has been too small to offset a decline in the profits of the rest of industry.

The latest official figures support recent warnings from the Bank of England and the Confederation of British Industry that prospects for company profits are poor as a result of the combination of slower output growth and accelerating inflation. The squeeze has been intensified by the rise in sterling.

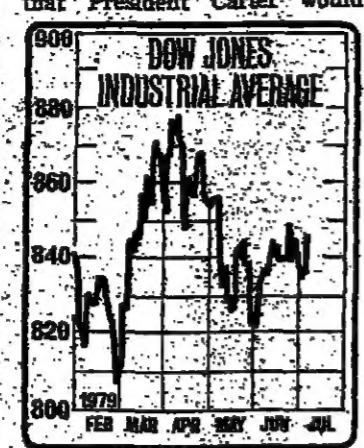
The official view is that a difficult year for industry may be part of the price to be paid if inflation is to be reduced, and the economy to become more efficient.

North Sea oil and gas profits have been increasing sharply as a result of both higher prices and increased production.

Profits from these activities, net of stock appreciation, were £886m in the first three months of this year, nearly 32 per cent higher than in the previous quarter. This was equivalent to 24 per cent of total industrial and commercial profits.

Revised estimates for the Gross Domestic Product in the first three months of this year were published yesterday by the Central Statistical Office. They show that the squeeze on the underlying profitability of industry has been even larger than suggested by earlier figures, which did not show North Sea operations separately.

Gross trading profits of industry up with an energy plan. Volume, at 25,550 shares, picked up sharply in late March.



OVERSEAS NEWS

Lhasa unmistakably bears the stamp of Peking: K. K. SHARMA looks at the changes 20 years have brought

The new Tibet—A Chinese view from the Roof of the World

TWENTY YEARS of Communism has left its indelible mark on Lhasa, once a closed forbidden city on the Roof of the World.

No yak cause traffic jams, Lamas no longer twirl their prayer wheels and the once ubiquitous dogs bark no more.

True some Tibetan women still sport the traditional "Baku," a long gown with striped aprons across the waist. Some men still proudly wear the famous felt hats, much like top hats in brown or black, bawling smoke through long narrow pipes.

But this is clearly a remnant of the past that will surely not survive the next generation. The old Lhasa has its small quaint houses three or four storeys high, their outer walls broken by small brightly coloured windows through

which shy young belles peer curiously.

This is the habitat of a few thousand. The bulk of Lhasa's 100,000 population lives in the newer, more modern part of the city whose sloping corrugated roofs and brick and concrete walls betray their recent origin.

The new Lhasa has emerged in the swampy area that once acted as a barricade between the awesome 13-storey Potala Palace of the Dalai Lama built on a solid rock hill in the north-west of Tibet's capital.

The swamp kept the former serfs and lowly lamas away from the forbidden Potala, a majestic and dominating structure with more than 1,000 rooms built centuries ago.

In keeping with Lhasa's modernism, the imposing Potala Palace is uninhabited with its thousands of priceless gold Buddha statues, rare "tantras,"

innumerable Buddhist scrolls and scripts, carefully painted murals and frescoes and the tombs of former Dalai Lamas now mere museum pieces.

The new Lhasa is unmistakably part of modern China. Most of the people wear the unisex Mao blue or grey loose jacket and trousers, walking purposefully down tree-lined avenues with fixed expressions. The metalled roads are used by the few land cruisers meant for official use and the cycles that are found in all parts of China.

The olive green of the Chinese People's Liberation Army stands out among the passers-by, the red marks of rank on their collars marking them out and emphasising the large numbers in which they are present.

What stands out in Lhasa today is the presence of the Han people and all that they

stand for in the mainland of China, from where they have come.

The top Tibetan leadership is of local ethnic stock and it cannot be denied that Tibetans have had their lives transformed very much for the better. The revolution, which took Tibet from the

Buddhist medieval age in which it had stagnated for centuries

straight into modern Chinese Communism, skipping all the intermediate stages that Marx had prescribed, cannot but be commended because it has abolished the barbarism that Tibet's own form of Buddhist

Lamaism had cruelly inflicted on the people.

But it has also taken away with it what Tibet was traditionally known for—its mysticism and innocence untouched by modern civilisation.

Modernity has come to Lhasa and presumably to the rest of Tibet, and it is here to stay.

There are still some horse carts winding up Lhasa's steep hills,

but for the most part they have been replaced by sturdy Chinese trucks and jeeps. Women still carry babies strapped on their backs, but all over town are nurseries in which they can keep them while they work.

Most of them have abandoned their traditional elegant batas in favour of masculine jackets and trousers. Even in cultural shows, amateur groups sing the praises of Chairman Mao and Chairman Hua in preference to their ancient deities.

This is of course the price Lhasa has paid for becoming an integral part of China.

Tibet is one of the "autonomous" provinces of the country, but autonomy is at best limited to the rarely exercised right to pass local laws and impose local taxes.

Tibet has made much economic progress in the past two decades and is now vying with the rest of China to strive for the Four Modernisations that the country's leaders have

They say they have come to serve for after all Tibet is now an integral part of the motherland, and they will return when they are not needed. But they also admit they have been here for nearly 20 years and say that Tibet is far from developed. Hence, they can place no time limit for their stay in Tibet. Many have married local Tibetans; others have brought their families with them.

The feeling is unavoidable that they are here to stay especially as they speak of the difficulty of acclimatising themselves to life in the plains of China. The only ancient part of Tibet that remains untouched is its harsh geography, ridges of craggy hills on the high 14,000 ft. plateau and the dust that swirls through new streets where the wind blows shiny, and valleys in which Lhasa is located.

Autonomy also means acceptance of the Han influence and way of life. Han have been in Tibet now for more than 20 years and their numbers are increasing. They occupy key posts. Most of the officials in charge of organising communities in the entire country is now organised into some 2,000—or industry or education and health, are Han.

Swiss banks warned on expansion

BY JOHN WICKS IN ZURICH

SWITZERLAND'S big banks have been warned not to expand their market share by the country's Federal Cartel Commission. The body states in a special report on concentration trends in Swiss banking that "as a whole" competition is still functioning within the banking system.

It draws attention to extreme growth in the relative importance of the big banks between 1955 and 1976 and says there should be no further "decisive" increase in their overall market share.

Between 1955 and 1976 there was a rise in the share of the three biggest banks—Swiss Bank Corporation, Union Bank of Switzerland and Credit

Suisse—from 24 per cent to over 44 per cent of the banking system's total domestic and foreign balance-sheet total. The increase in share for the 20 biggest banks was less marked, from 80.2 per cent to 88.6 per cent.

The report is nevertheless in favour of maintaining the existing structure of the Swiss banking system as it offers the public a choice between various banks. Any merger between two of the three big banks would be "economically undesirable."

The Cartel Commission also recommends that banks' participations in non-banks should be published, as well as board memberships in public companies.

The various recommendations are not binding, however. In Switzerland, the cartel authorities can take steps only when it is proved that an existing cartel agreement is not in the public good. The report—which the Commission stresses had been called for before anything was known of the "Chiasso scandal"—or the Social Democrats' referendum campaign to put new controls on banks—does not expressly state that competition still works in the banking sector. Commission President Professor Walter Schlueter says that the Federal Banking Commission is interested in its findings. The Banking Commission is directly responsible for control of the Swiss banking system.

Oil prices lift German costs

BY JONATHAN CARE IN BONN

THE WEST GERMAN cost of living rose again in June by 3.9 per cent against the same month a year ago. The May figure was 3.7 per cent and the April one 3.5 per cent.

Figures released yesterday by the Federal Statistical Office show that another surge in the price of heating oil—almost double that of June, 1978—is a big factor in the latest overall increase.

The Government has already complained to the oil companies

for concentrating on heating oil price increases while holding petrol prices relatively stable.

Bonn agrees that oil price increases are inevitable, but wants to see the increases in sectors where there will be an immediate energy saving stimulus. Sharp price increase at the petrol pump are likely to be much more effective in this respect, since higher heating oil prices will only be felt when consumers receive their bills months later.

Count Lambdorff, West German Economics Minister, yesterday gave public backing to the Bundesbank's tight monetary policy when he called on the central bank to counter accelerating inflation with a prudent curb on money supply.

Count Lambdorff's remarks, made in Munich, appear to reinforce the possibility that the Bundesbank will decide a further increase in bank rate

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EEC modifies directive on unfair advertising

BY GUY DE JONQUIERES, COMMON MARKET CORRESPONDENT, IN BRUSSELS

THE European Commission has modified its controversial proposed directive on misleading and unfair advertising. It will allow complaints against industry practices to be handled in the first instance either by independent supervisory bodies or in the courts.

As originally drafted four years ago, the planned directive would have required the courts to deal with all complaints. But the Commission has decided to amend.

The broad aim of the directive is to bring misleading advertising within the scope of the law. In several EEC countries, in-

cluding Britain, it is at present subject only to codes of conduct which often have no legal foundation.

In the new version, the Independent Broadcasting Authority would qualify in Britain as a legitimate supervisory body responsible for radio and television broadcasting. But the Advertising Standards Authority, at least as constituted at present, would not appear to meet the criteria set out in the directive though it would be allowed to continue as a mechanism for self-regulation by the industry.

Government-union talks held to seek a solution to Australia's mounting industrial problems broke up without any result yesterday. Andrew Clark reported from Sydney. Representative of the Australian Council of Trade Unions rejected calls from the Government to forsake the strike weapon and revert to industrial arbitration.

IMF warns U.S. THE U.S. and other countries experiencing high rates of inflation have "no alternative but to pursue firm and unequivocal" monetary restraint. M. Jacques de Larosiere, IMF managing director, said in Geneva yesterday, Jurek Martin wrote.

The managing director also singled out the U.S. for specific mention when he spoke of the need for the industrialised world to come up with effective policies to reduce oil consumption.

Ireland counts cost

Irish businessmen and consumers are counting the latest cost of the recent four-month postal strike—a 20 per cent increase in postal and telephone charges, our Dublin correspondent writes. The increases are to cover both the pay settlement awarded to Post Office workers and higher interest charges from capital spending on telephone development.

Romania walks out

Romania has walked out of a top-level Warsaw Pact conference in East Berlin and has refused to endorse a statement which bitterly attacks China. Leslie Collett reports from East Berlin. The dispute is the most serious since last November's refusal to go along with a Russian demand that Romania should increase its military budget.

Boat people' pact

The Indonesian and Malaysian Governments have agreed to co-operate together to push Vietnamese refugees' boats back into international waters, our Jakarta Correspondent writes. The agreement is effective immediately. The new policy follows talks between the countries' two Defence Ministers and President Suharto.

Turkey reserves up

Mr. Bulent Ecevit, Turkish Prime Minister, said yesterday that Turkey's foreign currency reserves had gone up to about £800m from only £380m a year-and-a-half ago, when his Government came to power. Our Ankara correspondent reports. Turkey's export earnings went up by 28.4 per cent in the first five months of 1979, Mr. Ecevit added.

NIGERIA GOES TO POLLS TODAY

BY MARK WEBSTER IN LAGOS

A test of political maturity

Sign. Giulio Andreotti, the Italian Prime Minister designate, is considered almost certain today to report to President Sandro Pertini his failure to form a new administration following an uncompromising veto from the Socialist party. Rupert Cornwell reports from Rome.

Sig. Andreotti is likely to abandon his efforts to form what would have been his sixth government, this afternoon, after a final meeting with his own Christian Democrat Party.

AP adds: Sig. Enrico Berlinguer has indicated his willingness to step down as leader of the Italian Communist Party. But in a speech released yesterday, he has left his future as secretary-general of the party up to his comrades.

West Bank compromise

Egypt and Israel, with U.S. assistance, reached their first compromise yesterday in their negotiations on Palestinian autonomy. Roger Matthews writes from Cairo.

After the fourth round of talks ended in Alexandria, it was announced that two committees would be set up—one to make proposals on a Palestinian authority on the occupied West Bank and Gaza Strip, the other to discuss the powers the authority would exercise.

Australia talks fail

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Third World, including China, might account for 25 per cent of world industrial production.

OPEC countries and Latin America will also become major economic zones. But the EEC's share of world income will decline and all European countries will face difficult problems of structural adjustment. The Soviet Union is likely to reach the peak of its power towards the end of the century.

The internationalisation of industry will be one of the main factors behind the growing interdependence between the developed and the Third World.

Highly industrialised countries will become involved in fierce competition in the advanced technological field, and more traditional industries will shift progressively to the newly-industrialised countries.

By the end of the century, the leading industrialised countries include Japan, the United States, Germany, France, Italy, the Federal Republic of Germany, the United Kingdom, Sweden, Norway, Denmark, Belgium, the Netherlands, Luxembourg, Portugal, Spain, Greece, Turkey, and Australia.

These include the relative scarcity and high price of energy and the resulting monetary problems, and a decline in the estimated rate of return on investments and growing concern about inflation.

Advanced industrial societies can no longer plan their future on the basis of purely national objectives, it says.

The report rejects extreme strategies such as giving absolute priority to economic growth, both because of external and internal constraints.

These include the relative scarcity and high price of energy and the resulting monetary problems, and a decline in the estimated rate of return on investments and growing concern about inflation.

The middle-income developing countries have excellent growth prospects if the advanced industrialised countries provide them with markets and part of their financing requirements.

The leading group of these countries may have an average per capita income in excess of \$2,500 (at 1976 prices) at the end of the century for a combined population of 760m. But the prospects of the poorest developing countries will improve very slowly.

The report rejects extreme strategies such as giving absolute priority to economic growth and essentially defensive policies aimed at cushioning the social consequences of the international economic situation.

Advanced industrial societies can no longer plan their future on the basis of purely national objectives, it says.

They will have to pay particular attention to the economic difficulties faced by the developing countries, on whom they will become increasingly dependent for their own prosperity.

As of last Friday, inventories stood at 231.5m barrels, some 4m barrels higher than the week before, and 2.4m higher than last year.

Refinery operating capacity also rose sharply, from 96.4 per cent to 98.4 per cent, though most of the gain in output went to distillates (diesel and heating oil), rather than petrol, which 7.5m barrels a day were produced.

This is the second week fuel figures have improved and they coincide with a sharp reduction in queues at petrol stations.

However, economists still warn that it is too early to be sure that the worst is past.

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U.S. auto market tumbles 26%

BY JOHN WYLES IN NEW YORK

THE U.S. car market took a dive in June under the impact of the

UK NEWS

Doubts over Lloyd's checks

BY JOHN MOORE

THE LLOYD'S of London insurance market is concerned that important self-regulatory mechanisms broke down when underwriters insured computer leasing business.

The insurance is likely to produce the biggest loss in Lloyd's 300-year history.

A working party at Lloyd's has advised underwriters to reserve \$225m for future losses. But a \$560m legal action started by Federal Leasing of the U.S. against 55 syndicates could raise the final figure.

Much of the Lloyd's community argues that computer leasing insurance business is a form of financial guarantee insurance which underwriters are not allowed to accept.

Lloyd's introduced the ruling in the 1920s after a fraud.

Insurers violate the financial guarantee ruling if the policies cover the insured against financial default or insolvency, the financial future of any venture, or lack of support.

Main provision of the tests that should be carried out to see whether an insurance falls

within the financial guarantee category is that a policy should not cover assured for the shortage of receipts, sales or profits of any venture.

But the computer insurance business received clearance at Lloyd's policy signing office, a centralised administrative service for the market. Although the advisory department of the Corporation of Lloyd's was asked to comment on the wording of the policy by Adam Brothers Contingency, the insurance broker which placed the business with Lloyd's underwriters, it raised no objection to the class of business.

Adam Brothers was never asked by the Financial Guarantee Board in Lloyd's to explain the business. The board is usually headed by the chairman of Lloyd's, and can examine whether insurances pass the financial guarantee tests.

Adam Brothers has defended the accusation that computer leasing might have been financial guarantee business. The insurance was to cover a loss suffered by an assured at a result of a fortuitous circumstance, the group says. "It did not cover assured for the shortage of receipts, sales or profits of any venture."

Computer leasing insurances were arranged by leasing companies to insure against their customers terminating leases earlier than the contract date. If they did, the computer leasing company could claim on its insurances and cover its obligations to the financial institution which had staked its operations.

Adam Brothers, a specialist insurance broker which drew up "non-appearance" insurances for actors, designed the computer leasing policy. All the group's computer business was introduced by major publicly quoted insurance brokers and other large insurance brokers in the London market.

The group said this week that it had originally designed the policy towards the end of 1973 for a leasing firm in the U.S. called Surety Industries Inc.

Surety Industries and its chief executive were described as the next chairman, was one of the lead underwriters.

Even the Sasse syndicate, which is facing £13.6m of losses, was involved. Computer leasing insurances represent 5% of its total losses.

UK factory given £1.5m Euroloan

By Kenneth Gooding, Motor Industry Correspondent

THE European Investment Bank, the EEC's long-term finance institution, has granted a low-interest loan equivalent to £1.5m towards a new factory at Skelmersdale, Lancashire, to make turbocompressors for diesel and petrol engines.

The loan has been made to Garrett AEReSearch, a subsidiary of Garrett Corporation of the U.S., in turn an offshoot of the Signal Industries conglomerate, which also owns Mack Trucks.

Garett describes itself as market leader in the U.S. in turbocompressors for trucks, buses, agricultural equipment and field vehicles, as well as equipping four out of five production turbocompressed cars on the U.S. market.

Turbocompressors can boost engine power by about 30 per cent, permit reductions in fuel consumption of between 15 and 20 per cent and cut the noxious content of exhaust fumes by between 10 and 20 per cent.

Commercial vehicles represent the main market but in recent years car manufacturers have begun to offer turbocompressed options on their model ranges.

Garett AEReSearch's new 27.2m production facilities will be on the West Pimbo Industrial Estate, near the company's existing factory, which makes compressors.

They should be on stream by the end of next year and should provide 210 new jobs, with another 70 by the end of 1982. In an area where unemployment is about twice the UK average.

The loan of 2.3m units of Account is for seven years, at 9.5 per cent interest.

Lords move delays Burmah shares case

Financial Times Reporter

BURMAH OIL's court case against the Government and the Bank of England over the company's former stake in BP will not start in October, as had been expected.

Burmah has claimed for some years that its case might be significantly strengthened if it had access to certain documents and files belonging to Government Departments and to the Bank which has claimed Crown privilege for the documents and refuses to give Burmah access to them.

Having failed to obtain access to the documents through the courts, Burmah took the issue to the House of Lords.

Yesterday it was learnt that the Lords had reserved its decision on whether Crown privilege did accrue to the documents, and was not expected to give its decision before October.

This delays the start of the main case, in which Burmah claims compensation or restitution from the Bank for the BP shares pledged with the Bank during a rescue operation mounted on Burmah's behalf in 1976.

Furniture sale totals £513,230

A LOUIS XV ormolu-mounted tulipwood and kingwood marquetry secretaire, a châbrière, stamped J. P. Dubreil Jeune, sold for £40,000, plus the 11.5 per cent buyer's premium and VAT, at Sotheby's yesterday. It was the highlight of a good auction of French furniture which totalled £513,230, with just 7.5 per cent bought in.

Other good prices were £50,000 for a pair of Louis XV ormolu-mounted Chêne Long cockerels, which had belonged to Viscount Astor at Cliveden; £21,000 for an oval marquetry table of circa 1730, attributed to David Roentgen, and £20,000 for a Louis XV/XVI transitional commode.

Fight for State air route opens

BY LYNTON MC LAIN

THE BATTLE to break the British Airways monopoly on the lucrative London-Aberdeen route starts at a public hearing next week when Dan Air makes its case for providing service.

The boom in North Sea oil has made the route one of the fastest-growing in Britain, with up to 350,000 passengers expected to fly from Heathrow and Gatwick to Aberdeen in this financial year.

The Civil Aviation Authority, which is holding the hearing, has heard complaints from passengers about the punctuality of British Airways flights.

The Authority rejected a British Airways application for higher fares on the Aberdeen route earlier this year on the grounds that it might not have done all it could to raise efficiency and improve the quality of its services.

Dan Air wants to take over

"Punctuality fell below the standard the customer has a right to expect," he said.

British Airways said yesterday that 86 per cent of its flights from London to Aberdeen left within 15 minutes of timetable departures in May. An extra flight was added to the service from April, and the Viscount now operating from Gatwick will be replaced by a 1-11 jet in November. A shuttle service may be introduced to Aberdeen in the early 1980s.

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UK NEWS

Phillips makes new oil find in North Sea

BY KEVIN DONE, ENERGY CORRESPONDENT

PHILLIPS PETROLEUM has made a significant oil discovery in the North Sea, about 160 miles north-east of Aberdeen.

The find, named the Tiffany Structure, is in the same block as the earlier Thelma and Toni discoveries.

Eight wells have been drilled on the block. The latest discovery considerably enhances the prospect of a commercial development in the area.

Block 16/17 is proving to have one of the more complicated geological structures and Phillips is likely to drill more appraisal wells before committing itself to an expensive development programme.

Phillips is operator for a five-member group which includes Petrofina, Agip, Century Power and Light and Oil Exploration (Holdings).

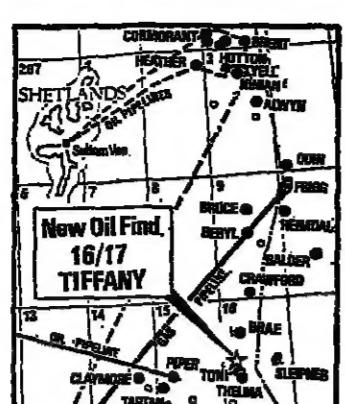
The find is important, but is much smaller than suggested in rumours which swept the City earlier this week.

By Thursday the share price of Oil Exploration (Holdings) had risen to a new peak of 326p, but fell back yesterday to 322p after details of the recent drilling programme were released.

This latest well, 16-17-Sa, was drilled to a depth of 15,080 ft. The oil-bearing zone, over an impressive depth for this part of the North Sea of 1,300 feet, was tested at three levels.

The tests produced flows ranging from 2,300 barrels a day to 5,300 of a fairly light crude (33 degrees API quality).

A small amount of natural gas was tested, but the ratios



and seven north of Thelma. They are too far apart to be developed from one production platform.

Phillips refused to estimate recoverable reserves in the block. Industry estimates have suggested recoverable reserves of 300m-450m barrels, and the latest well could have added 50m-100m barrels.

More appraisal wells must be drilled before a more definitive estimate is made. Phillips said yesterday that a ninth well would possibly be drilled later this year.

Building work down 7% in first quarter

BY MICHAEL CASSELL

CONSTRUCTION industry output in the first three months of 1979 was 7 per cent lower than in the preceding quarter, according to provisional figures published yesterday.

The Department of the Environment estimates that the current price value of contractors' work from January to March reached £3.92bn, against £4.21bn in the previous quarter.

The constant price (1975) figure was £2.78bn for the first three months of this year compared with £3bn in the previous quarter, and £2.8bn in the same period a year before.

New work output in the public housing sector on a constant price basis, in the first three months of this year was down by 15 per cent on the fourth quarter of 1978, and by 20 per cent on the same period a year before. Net private housing output was 16 per cent down on the last quarter of 1978, and 10 per cent lower than in January-March last year.

Housing is now causing increasing concern in government and industry circles. The number of starts in the first five months of this year was down to about 75,700, against 103,600 for the same period in 1978.

Local authority starts cannot be expected to rise above the current level recorded after budget moves to contain housing expenditure. The outlook in the private sector is no more encouraging.

Public spending to be cut by £424m

BY PHILIP RAWSTORNE

PUBLIC EXPENDITURE will be cut by £424m in 1979-1980, according to Government estimates published yesterday.

Revised estimates for the year reduce by £58m the expenditure planned by the previous Labour Government. At the same time, supplementary estimates provide for an increase in some votes of £164m.

Total expenditure now envisaged is £517.6m compared with a figure of £52.6bn published in the Budget report and financial statement.

The revised estimates represent overall reductions in the volume of expenditure and reflect some of the cuts announced in the Budget. These reductions include £18.7m in regional development grants and provision for the national enterprise board; £59.6m in overseas aid; £45.7m in the special temporary employment programme; £22m in other employment subsidies and £58m in the Manpower Services Commission programme.

Several of the supplementary estimates provide for expenditure deferred from last year because of Civil Service industrial action.

The increased estimates include £88m to cover the cost of further development of the Rolls-Royce RB211 engine; £42.8m for export credit services and £30m for work on the Thames flood barrier and other agricultural schemes.

£15m order for Tarmac

By Michael Cassell

TARMAC HAS won a £15.5m civil engineering contract for work on the Joint European Torus (JET) nuclear power experimental programme.

The JET international committee in Brussels chose Tarmac National Construction to construct the main buildings for the experimental complex, to examine electricity generation by thermal nuclear power at Culham Laboratories, Abingdon, Oxfordshire.

Work on the two-year contract involves building an experimental hall and ancillary buildings including a generator house, power supply compound and control building.

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F.T.-ACTUARIES SHARE INDICES QUARTERLY VALUATION

The market capitalisations of the groups and sub-sections of the FT-Actuaries indices as at June 29, 1979, are expressed below in millions of pounds and as a percentage of the All-Share Index. Similar figures are also provided for the two preceding quarters.

EQUITY GROUPS & SUB-SECTIONS		Market capitalisation as at June 29, 1979 (£m.)	% of all share index	Market capitalisation as at March 30, 1979 (£m.)	% of all share index	Market capitalisation as at Dec. 29, 1978 (£m.)	% of all share index
1 CAPITAL GOODS GROUP (172)	10,059.2	14.72	11,154.4	15.30	9,537.0	15.82	
2 Building, Materials (27)	1,946.2	2.70	2,005.3	2.79	1,655.4	2.77	
3 Contracting, Construction (28)	883.6	1.26	1,010.6	1.35	874.7	1.46	
4 Electricals (6)	2,088.5	4.25	2,259.1	4.44	2,000.2	4.47	
5 Engineering Contractors (13)	983.9	0.81	982.2	0.90	951.7	0.92	
6 Mechanical Engineering (75)	3,784.7	4.05	5,071.2	4.21	2,662.0	4.43	
7 Metals and Metal Forming (18)	1,154.4	1.69	1,353.8	1.68	1,090.9	1.51	
11 CONSUMER GOODS (DURABLE) GROUP (53)	5,045.7	4.45	5,261.5	4.45	5,746.0	4.57	
12 Lt. Electronics, Radio, TV (16)	1,572.3	2.99	2,028.6	2.88	1,631.1	2.71	
13 Household Goods (12)	192.4	0.22	210.2	0.29	201.5	0.24	
14 Motors and Distributors (24)	884.0	1.39	958.1	1.31	812.4	1.32	
21 CONSUMER GOODS (NON-DURABLE) GROUP (171)	18,177.6	26.60	19,344.1	26.51	16,850.7	26.36	
22 Breweries (14)	2,079.0	3.04	2,101.5	2.88	1,774.3	2.95	
23 Wines and Spirits (6)	930.8	1.66	1,072.3	1.47	874.4	1.45	
24 Entertainment, Catering (17)	1,635.6	2.43	1,695.3	2.38	1,341.1	2.23	
25 Food Manufacturing (19)	2,668.6	5.91	2,851.2	2.88	2,459.2	4.09	
26 Food Retailing (15)	1,440.6	2.11	1,480.4	1.99	1,113.1	1.82	
27 Newspapers, Publishing (12)	273.8	0.40	290.1	0.32	252.3	0.39	
28 Packaging and Paper (15)	586.4	1.31	1,032.8	1.42	899.1	1.30	
29 Stores (41)	6,821.6	8.08	5,759.6	7.84	4,386.3	7.80	
30 Textiles (23)	894.1	1.51	1,026.0	1.41	982.4	1.65	
36 Tobacco (3)	1,757.1	2.57	2,006.6	2.74	1,708.4	2.64	
37 Toys and Games (6)	63.2	0.09	85.0	0.11	80.1	0.13	
41 OTHER GROUPS (89)	9,474.8	15.87	10,438.5	14.44	8,975.5	14.93	
42 Chemicals (18)	3,068.6	4.49	3,595.6	4.55	3,000.6	4.92	
43 Pharmaceutical Products (7)	1,692.4	2.48	2,152.3	2.95	1,867.6	3.11	
44 Office Equipment (6)	632.4	0.83	790.1	1.08	601.4	1.00	
45 Shipping (10)	631.9	0.93	609.6	0.84	562.6	0.94	
46 Miscellaneous (58)	3,461.9	5.05	3,820.6	4.92	2,943.2	4.89	
49 INDUSTRIAL GROUP (494)	40,760.5	69.65	44,296.6	72.07	37,109.3	61.73	
50 Oils (6)	9,406.0	15.77	9,019.9	12.35	6,854.5	11.40	
59 1500 SHARE INDEX	50,166.3	75.42	55,318.4	73.07	45,963.7	73.12	
61 FINANCIAL GROUP (116)	11,566.7	16.93	12,435.8	17.04	10,122.4	15.84	
62 Banks (6)	3,237.1	4.73	3,466.9	4.75	2,767.6	4.60	
63 Discount Houses (10)	161.4	0.24	160.1	0.22	151.9	0.23	
64 Hire Purchase (5)	211.6	0.31	246.6	0.34	217.1	0.36	
65 Insurance (Life) (10)	1,120.6	1.66	1,219.7	1.67	995.5	1.66	
66 Insurance (Composite) (8)	2,340.9	3.45	2,708.5	3.71	2,385.3	3.67	
67 Insurance Brokers (10)	667.9	1.01	905.8	1.24	782.0	1.20	
68 Merchant Banks (14)	465.5	0.68	451.9	0.62	371.0	0.68	
69 Property (43)	2,754.6	4.03	2,782.8	3.74	2,097.8	3.49	
70 Miscellaneous (10)	569.3	0.86	551.1	0.75	487.4	0.83	
71 Investment Trusts (110)	8,769.7	6.82	8,211.8	5.77	3,883.1	6.12	
72 Mining Finance (4)	1,261.6	1.89	1,380.7	1.82	1,081.5	1.80	
73 Overseas Traders (20)	1,520.6	2.24	1,622.7	2.32	1,274.9	2.12	
ALL-SHARE INDEX (750)	68,324.9	100	72,075.4	100	60,125.4	100	

Official figures show 15% decline in machine tool orders

BY HAZEL DUFFY, INDUSTRIAL CORRESPONDENT

A BIG DROP in orders for the machine tool industry in the first quarter of this year is shown in official figures published in Trade and Industry yesterday.

The Department of Industry, which collects the statistics, says "the monthly seasonally adjusted figures show that recorded movements in both home and export markets have been more than usually volatile, suggesting that the situation is not yet settled one."

Orders in December to March fell 15 per cent from the previous period. Export orders fared worse than home orders—against the trend in the engineering industry, where exports have been more than usually volatile, suggesting that the situation is not yet settled one."

The Machine Tool Trades Association said yesterday: "Indications from our members do not show the sort of drop in business implied by the Department of Industry figures, and we are puzzled to explain the discrepancy between the official figures."

Machinists are often taken to be an indicator of general capital goods spending. On the basis of these figures, the downturn in the capital goods spending cycle, forecast to take place

LABOUR

Post Office deal boosts hopes of more efficiency

BY NICK GARNETT, LABOUR STAFF

THE POST OFFICE improved its prospects of negotiating improved efficiency with the Union of Post Office Workers by agreeing yesterday to consolidate all outstanding pay supplements for the union's 200,000 members.

Mr. Norman Stagg, the union's assistant general secretary, said last night that the deal was a breakthrough. It created the right climate for further discussions with management on pay and productivity. These talks are due to begin in earnest next week.

The Government warned earlier this week that it would estimate the Post Office's monopoly unless it improved efficiency in the postal division.

The interim 10.2 per cent pay settlement agreed by the Post Office union earlier this year included consolidation of threshold payments made under the last Conservative administration.

Payments under Phase One and Two of the Labour Government's pay policy totalling about £8.50 remained uncon-

solidated.

The management, however, still faces considerable problems with the union on pay and productivity.</p

THE WEEK IN THE MARKETS

Gilts climb the sterling ladder

Sterling has again stolen much of the limelight in the last week, touching at one stage the level of \$2.25, exciting nostalgia and challenging credulity. It has encouraged the gilt-edged market just as surely as it has kept equities in the doldrums.

Gilts followed up last Friday's strength immediately the market opened on Monday, official supplies of the long tan "Ex-chequer" £14 per cent 1990 "E4" were exhausted at once, and the market unrestrained by the presence of unsold stock, was able to make substantial progress, rising by nearly 3 points on the day in the long high-coupon stocks. More headway was made over the next couple of days until the market ran into profit-taking on Thursday. Over the week the highest available redemption yields have come down from 13.1 per cent to below 12.7 per cent.

In the short run gilts face the danger that, as so often in the last few years, the market has run faster than the underlying environment and may require a downward correction before it can advance further. It is now looking forward to an easing in credit demand, a fall in interest rates and perhaps some improvement in the current account balance of payments for good measure. Although some overseas funds do seem to have been committed to the market this week, many foreign investors must have been keeping their money in the short money market which still offers a return of over 14 per cent.

MARKET HIGHLIGHTS OF THE WEEK

	Price Yester day	Change on Week	1979 High	1979 Low	
Ind Ord. Index	471.0	+ 2.4	558.6	446.1	Squeeze on export earnings
Govt. Secs. Index	73.57	+ 2.8	75.91	64.64	E's strength draws o's seas funds
Barr & Wallace A.	129	- 1.5	167	107	Substantial div. increase Fcast.
Bassett (G.)	113	- 7	130	102	Disappointing results
Bath and Portland	51	+ 9	58	41	Financing deal with LTA Ltd.
Burnett and Hallamshire	400	+ 37	400	215	Suspended pending announcement
Gough Bros.	128	+ 62	130	59	Scottish & Newcastle agreed bid
Henderson-Kenten	116	+ 20	128	80	Good annual results
Hinton (Ames)	88	- 12	110	86	Chairman's gloomy views
Istock Johnsen	82	- 8	109	62	Potential fund-raising
ICI	322	- 13	415	332	Concern about naphtha supplies
Ladbrooke	186	- 24	243	167	Casino licences hearings
Oil Exploration	322	+ 34	336	210	North Sea oil speculation
Reznore	74	+ 2	74	43	Good preliminary results
Rivington Reed	31	- 6	72	30	Adverse Press comment
Rowntree Mackintosh	134	- 18	229	174	Overseas earnings worries
SGB	257	- 19	280	166	Higher interim profits
Shaw Carpets	60	+ 12	61	47	Good results & 100% scrip
Shell Transport	302	- 20	402	278	Switching into Royal Dutch
Unilever	516	- 76	680	502	Switching into Unilever NV

Little sign of a silver lining

WHILE the sun has been shining brightly this week, a cloud in the shape of the struggling potash mine in Yorkshire of Cleveland Potash has darkened the results for the year to March 31 of London's Charter Consolidated.

Charter has 37 per cent stake in Cleveland Potash and is partnered in the venture by Imperial Chemical Industries. The mine was begun in the late 1960s and something like £120m of finance has been put into it—Charter's share of this would be about £30m—but Cleveland has never made a profit.

Technical problems have stemmed from the fact that the potash seam is unusually undulating and varies both in thickness and grade. It is also deep, at around 3,800 feet, hot and to some extent gaseous conditions which are not exactly conducive to maintaining a stable labour force in an area where there is no mining tradition.

Furthermore, it has not been possible so far to stow away underground the salt waste product. This has had to be hoisted to the surface together with the potash and as a result of all these factors mine production has barely reached half the design capacity.

But things have been looking up in recent times as, indeed, has the market for potash. In the past six months potash output has improved to 212,000 tonnes from a figure for the previous 12 months of 249,000 tonnes. Even so, Cleveland has still suffered a loss in the latest period of some £28m.

Charter has now fully written off its remaining stake in the operation at a cost in the past year of £20.2m which includes £3.2m for guarantees in respect of loan and leasing finance.

The question now remains as to whether the partners will be prepared to put up more money in the hope that production will continue to improve.

It is a most point. Charter and ICI (which has a 50 per cent stake) have jointly voted £8m to keep Cleveland going until the end of August, "before which time the future of the project will be reviewed by the partners."

Cutting losses, especially of this magnitude, is a painful business and Charter has already had enough experience of this. But pain eases in retrospect and if Charter does decide that enough is enough

MINING

KENNETH MARSTON

there is always the possibility that a deal may be done with ICI, which uses a large part of the potash product, and which may prefer to press on.

Until the Cleveland question is settled Charter cannot embark on any major new developments and it is difficult to value the shares. But the company retains the important backlog of its strong portfolio which has sizeable holdings in other leading mining finance companies and the group's various industrial activities are doing well.

Yielding 8 per cent on the latest modest increase in the dividend, the shares pay for their keep and could move ahead if it is decided to pull-out of Cleveland. The market might well take the view that Charter's long spell of bad luck has to end some time.

On a more cheerful note, London's Selection Trust and Australia's MIM Holdings have

decided to take to production their small but good grade Teutonic Bore copper-sime deposit in Western Australia. Costing some A\$38m (£19.8m) the mine is due to reach production in mid-1981 and seems likely to have a life of about seven years.

The Selection Trust group's 50 per cent stake in Teutonic Bore is part of the package of mining interests to be put into the new Seltrust Holdings which is to be launched in Australia later this year.

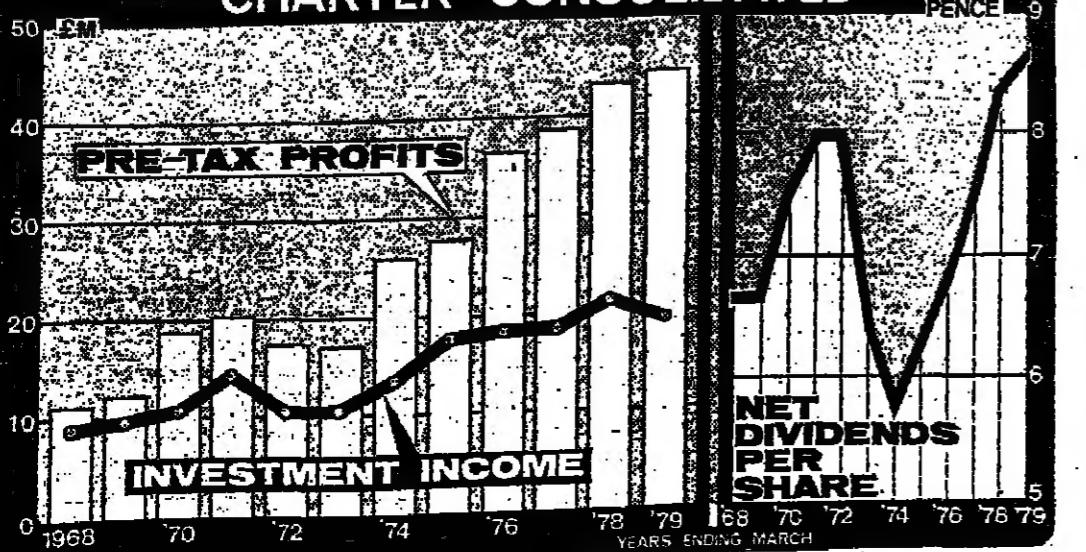
The go-ahead decision for Teutonic Bore strengthens my view that the more realistic approach being adopted down-under to overseas mining concerns may soon start to pay off, although it may need a little help from firmer metal prices.

Meanwhile, the strength of sterling is a mixed blessing for the UK-based mining finance houses such as Charter, Selection Trust, Consolidated Goldfields and Rio Tinto-Zinc. It means that the things we import should cost us less—although I would be very surprised if this makes much difference at retail level when you enquire about the price of that foreign car you have had your eye on.

But we mustn't let practicalities stand in the way of good theories—that would be opening the window to the chill air of common sense—and if you are unlikely to gain much from a strong pound you can be sure that you will lose in certain circumstances.

In other words, money remitted here from countries with a relatively less firm currency will be worth that much less in terms of sterling. This will affect your overseas dividends to some degree and it will be much more noticeable in the revenue of the mining finance houses which earn most of their profits overseas.

CHARTER CONSOLIDATED



The theory has been well and truly nailed this week by Mr. Rudolph Arnew, group chief executive. He said: "We view our investment in GFSA as being extremely important as a continuing and growing investment. There is no question of our withdrawing from it."

A point that may not be generally realised about GFSA is that, unlike most of the other finance houses, it has investment company status.

This means that it pays no tax on profits from the realisation of investments, provided that such profits are ploughed back into specified investments such as new mining ventures.

One of these ventures is the R180m (£97m) Black Mountain base-metal mine in South Africa's remote and arid north-west Cape where GFSA is partnered with Phelps Dodge on a 51-49 basis.

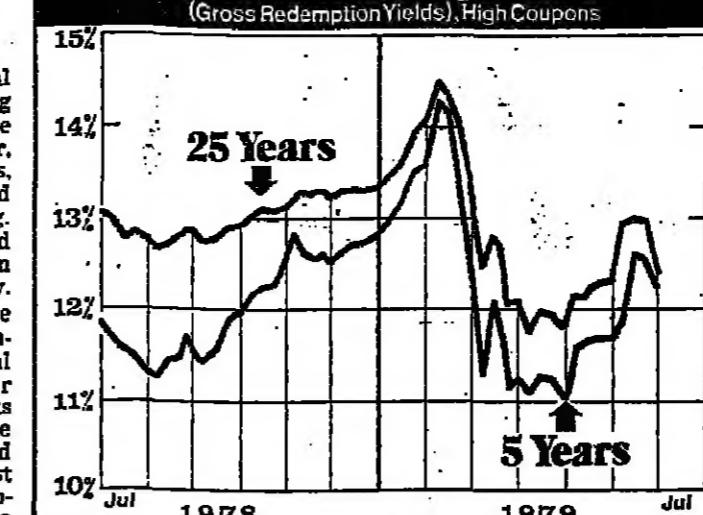
The GFSA chairman, Mr. Adriano Louw says that this "very important investment" is on schedule and due to start production in the first quarter of next year.

It will handle the higher than average grade ore for the first five or six years in order to boost cash flow and repay loans.

Thereafter dividends should start. Life prospects are very long with an annual milling rate of 1.12m tonnes and total ore reserves estimated at around 240m tonnes of which 38m tonnes are proven.

Finally, if like Gold Fields, you are holding gold class gold shares which have already repaid their capital cost in dividends and are still going strong you will be looking forward to Wednesday morning. That will bring the publication of the Gold Fields' group June quarterly gold mining profits. They should reflect an average gold price of around \$260 per ounce compared with \$240 in the March quarter. Yesterday bullion closed at \$289.

F.T.-Actuaries Gilt-Edged Yield Index (Gross Redemption Yields), High Coupons



Lively oil stocks are some comfort amid fuel worries

NEW YORK

JOHN WYLES

HAVING LAID in a store of black coffee and eyeshades to fend off the soporific rigours of a major Presidential address to the nation, Wall Street has been forced to swallow its disappointment that President Jimmy Carter has decided to stay silent on his Camp David peak. In the early part of the week anticipation of a new White House initiative on energy provided some nervous distraction from the preoccupation of planning for a July 4 holiday without gasoline. But while investors share the widespread anger which has swept the West Coast in the past month about the gasoline shortage, many have been able to draw some comfort from the strength of oil stocks.

Dome has been a particularly active driller and increased its production of oil, natural gas liquids and gas rose by 27 per cent in 1978 and with higher prices to offset its steep exploration costs the company's earnings climbed by 20 per cent to \$125.1m and are projected to rise to around \$180m this year.

With Dome in the vanguard, some 22 oil and gas stocks were among the 30 largest AMEX gainers in market value during the second quarter. As a result, the 11.7 per cent rise in the AMEX market value index overstated the strength of the broader market in secondary stocks, excluding oil stocks. From International, which has an average store size of only 3,500 sq ft, should be acquiring hypermarket-size premises of at least 15,000 sq ft to match modern shopping trends—and not settling for average store sizes of 7,500 sq ft through the 64 MacMarkets stores.

Edgar Allen

says that it is

currently at a low point in its

fortunes and that it would be wrong to sell out now at a price which represents a big discount on its net asset value. It also points to its recent heavy investment in sophisticated plant and machinery, which it claims is worth well over the cost price of £4.7m. But Edgar Allen's offer undeniably gives shareholders a chance to do better elsewhere.

WINE

EDMUND PENNING-ROWSELL

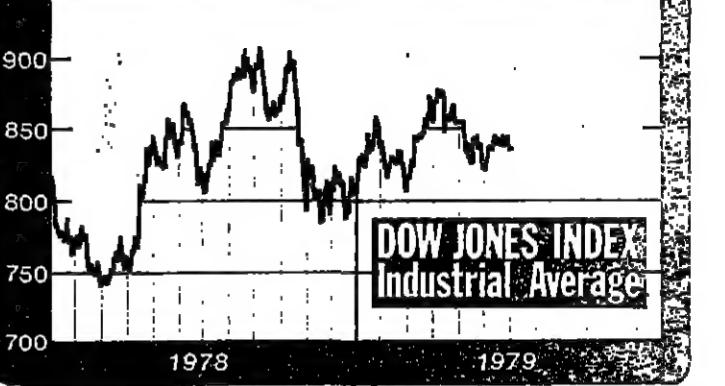
MANY PRICES at Christie's 500-lot final Bordeaux sale of the season showed distinct signs of flagging. This was perhaps due to rising sterling, the falling dollar and the very large flow of fine clarets through the London salerooms during the last six months.

Good prices included £420 a dozen for Leoville-Barton '65, £540 for six bottles of Lafite '65 and £640 for a dozen Lafite '63.

Such rarities as three double-magnums of Petrus '66 made £1,250, an imperial (equals eight bottles) of Mouton-Rothschild '66 brought £440 and another of La Mission-Haut-Brion '66 £310. But prices for most of the popular '61s and '68s were below their best earlier this year, and it looks as if a plateau has been reached.

A '61 first-growth fetched per dozen from £740 and £680 respectively for Lafite and Mouton-Rothschild, down to £520 for Haut-Brion, Latour and Margaux. The seconds ranged from £280 for Ducru-Beaucaillou and £190 for Montrose to £150 for Rausan-Segla.

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NAME (Mr/Mrs/Ms) _____ ADDRESS _____ (BLOCK CAPITALS PLEASE)

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Name of your insurance broker, if any: _____

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FINANCE AND THE FAMILY

No bed and no breakfast

BY OUR LEGAL STAFF

Before the end of the last tax year, I bed and breakfasted some shares through a broker on the London Stock Exchange to take advantage of the CGT rates on small profits. But I wondered whether I could have avoided the expenses of doing the deal this way by simply selling the shares to a friend one day and buying them back from him next morning. Is there any reason why this could not be done? Are there any traps I might not have thought of? (I don't imagine any stamp duty would be payable if there was no charge in registration.)

The fact that you have not seen this idea suggested has no doubt led you to suspect that it is fraught with problems.

If you are bed-and-breakfasting for a loss, the connected-person restrictions may negative the prospective loss relief.

If you are bed-and-breakfasting for a profit or a loss, a major stumbling block will be to prove that, when you struck the bargain with your friend, it was an outright sale and he had absolutely no idea that you would ask him to sell the same shares back to you the next day (or shortly afterwards). Your friend might well be surprised to be offered a packet of shares for spot cash—and you would have to satisfy a sceptical body of Commissioners that there were no nods and winks which might have led him to suspect that you were proposing to use him as an entrepot in a bed-and-breakfast double deal.

If transfer deeds were not executed, stamped and lodged, it would be difficult to prove the dates on which the two independent bargains were struck.

This is no more than a brief indication of why other people have not been doing this for the past 14 years.

An inference of negligence

When collecting my car after servicing, I usually find that the auto-theft device has not been replaced and the keys are left in the ignition. It this negligence "as defined by the Unfair Contract Terms Act 1977," words quoted in their invoice? How can one prove negligence when one is not there? Is there anything you suggest I should do?

We agree that negligence may be difficult to prove, though

sometimes the facts raise an inference of negligence. The habit of not locking and/or securing the car would seem to be negligent unless the car were in a secure compound. You can always advise the garage (in writing) that you regard a failure to lock and secure the car as negligent and request that it be properly secured when no one is in attendance.

Bank account under an alias

Referring to your reply under a bank account under an alias (June 16), if one were compelled to go to Court to establish one's identity in respect of, say, a bank deposit or some shares, what form would an action take?

You would probably proceed in a civil court, i.e. the Chancery Division of the High Court, or if the value of the shares or bank account were less than £15,000, the County Court. The process would be by Originating Summons in the High Court or Originating Application in the County Court. In either case asking for a Declaration that the shares account etc. are held for the absolute benefit of the Plaintiff.

Theft and a mortgage

A lady with whom I have been living and I have decided amicably to separate. She will require a house, but her income is such that we doubt whether she could get a mortgage. Could we overcome this by taking a joint mortgage and then by my making over my share in the property to her?

Under those circumstances could the building society insist on instant repayment? Should we run into CTT and stamp duty problems?

The course which you mention would not only constitute a misrepresentation to the building society which would enable it to call in the mortgage if it learnt the truth, but it is likely also to constitute the criminal offence of theft. An assignment of the beneficial interest would attract Capital Transfer Tax (if the initial exemption has been used up) and stamp duty. You could take a perfectly lawful course of offering your guarantee of her mortgage. So long as there is a good equity in the house a mortgage loan

Assets after separation

Is there any way of being certain of keeping one's assets intact in the event of a divorce or separation after living together, by means of a trust of some sort, which stands up in court? Was there not a recent American case which throws light on the problem? Can you advise me please, whether it is possible to

An irregular marriage

There is no such concept as a license to occupy, and the principle of estoppel, which is the equivalent of that of personal bar in Scots law has a number of important differences from that doctrine.

In Scotland the provision of 2/5ths of the purchase price would simply be regarded as a gift to the lady in question and as the title is in her name there is nothing you could do to stop her from selling the property. However, as you have been living with her as man and wife since 1972 although you have not been through a formal ceremony of marriage it is still arguable that you are in fact married to her by the Scottish concept of

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

suring both that your property remains under your control and that it cannot be interfered with by the court: the scope of the court's powers is very wide. American experience is no guide. However, if you enter into an express written agreement with your wife of mistress and can show that she was independently advised (and not subjected to any pressure) the court would probably not disregard the terms of the agreement if there has been no radical change in the parties circumstances.

Maintenance and remarriage

I am a divorced person, my tax allowance is that of a single male, through a court order (provisional) my ex-wife was awarded £1,500 per annum.

No limit liability

I am the leaseholder of a flat on a lease of 99 years. There are 16 flats in the development and the freehold was retained by the builder who exchanged for an annual ground rent undertaken to be responsible for the upkeep of the common parts.

The freeholder is now desirous of selling the freehold to the owners of the flats for a nominal sum, and the majority of the flat owners do not wish to form a company for the purpose of owning the freehold on account of the cost of the annual return, etc. A company limited by guarantees would undoubtedly be more apt, and the cost split among 16 members, would not be unduly heavy.

The course which you suggest is perfectly possible; but its main drawback is the absence of limited liability. Another major difficulty arises on the trustees' leaving the flats, as they do not always remember to retire and appoint new trustees. A company limited by guarantees would undoubtedly be more apt, and the cost split among 16 members, would not be unduly heavy.

Irregular marriage by habit and repute. That involves a couple who are both free to marry living together for a period of time where they are generally reputed to be husband and wife.

Any one of the couple can then bring an action in Court for Declaration of marriage—the decree in which is conclusive of the relationship.

If you were to follow that course, should the lady with whom you stay put you out of the house, you would then be entitled in due course to bring divorce proceedings against her and claim a capital payment from her equivalent interest in the house.

If you find that your package insurance cover is inadequate and your need for extra cover is not so marginal that you could bear the extra loss yourself, you can perhaps go to the tour

Packaged cover for a happy holiday

I HAVE just been looking at the Holiday Insurance I have bought from my Tour Operator and I would like to have extra cover—what can I do? This question was put to me this week, and while it admits of a fairly straightforward answer, with the main family holiday season just beginning it is good starting point from which to look at travel insurance now on offer.

Incidentally, from June 19, the net monthly payments should be increased from £23.75 to £25.50, i.e. 70 per cent of £35. The total amount over-deducted from payments falling due from April 6 to June 18 (inclusive) should be made good as soon as the current Finance Bill receives the Royal Assent, as the Finance (No. 2) Act 1979,

operator's insurers and get your traveller is entitled to medical treatment at least on standard lines to that provided by the particular European country for its own citizens. This can be less than for 100 per cent coverage, for example, in France the British visitor gets 80 per cent of his hospital bills paid, 75 per cent of his prescription charges paid, and 20 per cent of his doctor's fees met. Moreover, since the rules differ from country to country it is worth carefully reading the DfES leaflet which details the individual quirks of getting treatment elsewhere in the Common Market.

If you top up your package cover and subsequently have to make a claim applying the normal insurance rules of contribution between policy providing indemnity against the same risk, you may well have to claim under both packages and top up insurance and receive proportion of your claim from each insurer. This is particularly true for baggage, non-medical expenses and liability cover, but not for personal accident insurance which is counted a benefit, not an indemnity, and so not normally subject to contribution rules.

Coming back to medical expenses, if you get your EEC form you should use your EEC cover first on the spot, and refer back to your insurers only such portion of your medical expenses as remains unpaid by the local health authority.

When you are looking at package cover and considering the need for any top up, do not forget that the majority of Britons can enjoy extensive free medical expenses cover on the Continent simply by going to the local DfES office, filling in an application form and getting an exchange Form E111 which is effectively a Common Market Medical Insurance Policy.

The DfES has a leaflet SA2H providing detailed information, and you should get the latest one, which is the July 1978 edition, since the eligibility rules were changed last year. There are still some barriers against self-employed persons, but not against employed persons, their dependents, pensioners and widows receiving state benefit. Teenagers up to the age of 18 still in full-time education count as dependents, but teenagers of 16 plus who are out of work do not qualify and so must make their own application.

Armed with the E111, the golde coin since the technical problems are enormous, but the research and development team at the Pobjoy Mint have overcome them fairly successfully. The legend on the edge reads H.M. QUEEN'S ROYAL VISIT 1979 JULY 1979. One problem which is insoluble is the exact placing of the inscription on the cupro-nickel coins, fed mechanically into the press, which might mean that you can be short of insurance if you are taking any items of value in excess of such limit.

If you find that your package insurance cover is inadequate and your need for extra cover is not so marginal that you could bear the extra loss yourself, you can perhaps go to the tour

and all 14 possible combinations. The silver versions of this coin being struck individually, do not have this problem.

Following the success of their recent "pound swap" at their Tourist Board Offices in London, the Isle of Man has organised a similar exchange at the Henley Regatta today. The coins are available at face value from Bell Street, Henley, and bear a die-mark of tiny crossed oars—surely the most novel souvenir of the Royal Regatta in its 100 years.

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Interest rates are at their peak and we are pleased to announce strictly limited offers of income bonds and growth bonds by both leading British Insurance Companies and established Building Societies at unequalled rates of interest.

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For full details please return the coupon below. Urgent action is advised as interest rates are already falling.

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BUILDING SOCIETY RATES

Every Saturday the Financial Times publishes a table giving details of Building Society Rates on offer to the public.

For further details please ring 01-248 8000 Extn. 266

Trouble overseas

THE TERM has ended, but would-be leaders of the student masses are doubtless already planning the autumn's demonstrations. The cause was given to them this week by the Government's announcement of an additional increase in the tuition fees for overseas students at U.K. universities, polytechnics and other State colleges.

Rises of about 9 per cent from September were announced by the Labour Government in March. Ostensibly, there were for all students regardless of nationality. But since all British students eligible for grants "as of right" also have their tuition fees paid from taxpayers' funds, the real effect of the all-round rises was confined mainly to youngsters from abroad.

There was no such casuistry to obscure the true target of this week's announcement made, as no aspiring demonstrator will forget, by the uncompromising Tory Dr Rhodes Boyson, a Parliamentary Under-Secretary for Education and Science.

Only overseas students would be affected, he said, by the addi-

tional increases which are set to their tuition fees at levels a full third higher than those of the 1978-79 academic year.

Past experience suggests that the groups who control students' unions will not be deterred by reasoned argument from excercising the Government's decision — estimated to save about £8m of public expenditure next year — as "racism and fascism." But it would be sad if the same were seen to be true of the staff of universities, polytechnics and colleges who, in their academic subjects at least, pride themselves on respecting the evident facts. So this time, perhaps, lecturers and professors might care to pause for reflection before clamouring in their undergraduates' wake.

The first apposite fact about overseas students is that more than a quarter come from countries richer than the UK, and only a small minority from underdeveloped nations. Of that minority, most are the children of their country's richest families and therefore often considerably better off than many of the British taxpayers who even after the 33 per cent increase will still meet more

than three fifths of the average cost of the foreigners' training. So this subsidy, let alone a bigger one, can hardly be justified on grounds of helping the deserving poor.

Attempts to justify it on the alternative ground that, after returning to influential positions at home, the students will be profitably favourable to all things British, are prone to certain doubts. For instance, over the past decade 10 per cent or more of the overseas youngsters in UK State higher and further education, came from Iran.

That is not, of course, a conclusive argument for encouraging the overseas contingent to travel elsewhere for their post-school studies — which is what other objectors say will be the result of higher tuition fees. But the fear of a large-scale transfer of affections is not upheld by experience.

In 1976-77 the number of foreign youngsters in the universities, polytechnics and further education colleges was

EDUCATION

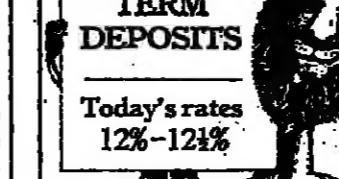
MICHAEL DIXON

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Today's rates
12%-12%

12%-12%

12%-12%

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12%-12%

12%-12%

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12%-12%

YOUR SAVINGS AND INVESTMENTS

*A Family affair*BUILDING SOCIETIES
ERIC SHORT

THE LATEST building-society insurance-linked investment plan launched this week by the Alliance should have been a world-beater—but it is not.

The Alliance Family Bond enjoys a combination of tax advantages never before seen in one investment scheme. For the Alliance's Roy Cox has tied up a unique deal with Family Assurance, a friendly society which is exploiting a quirk of the laws on friendly societies to claim tax-free status for its investment income.

The scheme is for a lump sum investment of £1,100 which you have to tie up for 10 years. The money is deposited with the Alliance and gradually fed into a 10-year endowment plan with Family Assurance. The premiums secure the usual 17½ per cent in the pound life insurance tax subsidy. Family Assurance re-deposits the money with the Alliance—and because of its tax-exempt position it can reclaim the tax the Alliance pays on the interest. Thus the total return at current interest rates is 10.45 per cent while the money is in the Family Assurance's account with the Alliance.

Many other building societies have already forged links with life insurance companies but the resulting plans all suffer the usual tax rate of 3½ per cent on the investment income from life fund investments.

Yet the pay-off the Alliance is promising after 10 years is only 2.658, assuming current interest rates are maintained—which represents a net annual return of 9.2 per cent.

Despite the flourish which the Alliance unveiled this week, this is not the highest return available from building societies. The Bradford and Bingley, for one, offers a better rate on its new High Yield Linkplan scheme, which is similarly geared to 10-year lump sum deposits and also uses the tax subsidy for life insurance premiums to enhance the returns. The Bradford and Bingley promises a net return of 9½ per cent over 10 years assuming current interest rates are maintained.

One reason for the Alliance's somewhat disappointing showing is that while the money is waiting to be channelled through Family Assurance's hands it is earning interest at only the basic building society tax-paid deposit rate—instead of a term share rate which would be more appropriate.

But Family Bond's major handicap is the high management charges the investor has to pay. Only one-third of your first year's premium is invested for you—and Family Assurance keeps one-twelfth of each subsequent year's premiums. With most rival building society charges amount to only between 8 and 8½ per cent of your premiums.

There are three reasons for Family Bond's high charges. Family Assurance has to deal in small units. The tax-exempt deal only applies to schemes where each year's premium is no more than £100 in the case



Cox: unique deal

of an individual or £220 in the case of a married couple.

Since the fund does not pay tax, it bears the full brunt of the heavy initial expenses whereas in a taxed fund they go to offset tax.

Family Assurance is paying high commission to insurance brokers and other intermediaries who sell the scheme. The commission is £50 per plan, more than the limit laid down by the Life Offices Association. Most other building society plans pay little or no commission.

Family Assurance's chief executive, Bob Morrison, defends the high commissions on the grounds that otherwise few investors will get to hear about the scheme. He points out that despite the phenomenal yield on existing building society insurance plans they are a flop with the investing public because no-one has much incentive to promote them. His theme is that life insurance is sold, not bought—hence the salesman should get an adequate reward.

But the drawbacks of the plan do not end there. The tax claw-back penalties if you cash-in within the first 10 years make those on other life policies seem very mild by comparison. The investor is virtually locked-in for 10 years and the Alliance, to its credit, has not tried to gloss this.

Cox emphasises that Family Bond is a long-term investment and has tried to make a virtue out of this feature. For unlike other linked plans, Family Bonds can be kept in force indefinitely building up tax-free income—and the longer the investment period, the greater the tax advantage.

Alternatively, the investor can use the lump sum accumulated after 10 years to provide tax-free income—at a handsome 10.45 per cent. No other plan can offer this advantage.

Family Bond is restricted under current tax legislation to married men, married couples and to women with dependent children.

Used as a long term savings vehicle this plan has many advantages. But how many investors use building societies for long-term investment? Their whole philosophy is surely that in a building society they do not have to wait very long to get their money. Many feel four years is too long to lock away capital, so what is their reaction to 10 years?

**URGENT!
INVEST NOW!**
17.2% p.a.
GROWTH -
WITHOUT EVEN TRYING!

This return over four years is just an example of the staggering annual growth rates which can be obtained with a special new Plan—as a result of recent tax changes. And the most surprising thing about this example is that the growth arises purely from legitimate tax concessions available to all tax payers. Any investment growth, of course, would increase the return still further.

This Plan provides capital for children when they come of age, but—in many cases—the extent of the tax concessions will be dramatically reduced unless you invest before 31st August.

You may never have considered the idea of investing for a child before. The helping hand now available from the Inland Revenue can make a great deal of difference. We therefore urge you to give it careful consideration now, because the returns are extremely attractive.

Child's age now	Your net outlay	Return at age 18*
6	£9,786	£21,848
12	£4,893	£10,059

*Assuming annual investment growth of 7½% per annum compound

To: Julian Gibbs Associates Ltd., Tel: 01-487 4495,
9 Manchester Square, London W1M 5AB.

Please tell me more about this exciting new opportunity.

Name _____

Address _____

Tel: Day _____ Home _____ Tax Rate _____

The current high yields for income bond investors will tumble at the first sign of a cut in interest rates generally, writes Eric Short

Unrepeatable income offers

HURRY WHILE stocks last must be the advice for investors in income bonds.

Life insurance companies reacted to the Budget increase in City interest rates by improving the yields on guaranteed income bonds. Now investors paying basic rate tax can get a net yield in excess of 10 per cent over three, four or five years.

But gilt prices have firmed up in the past few days so life companies are likely to cut the juiciest income bond yields very soon. Some companies stuck up with gilts in anticipation of a drop in market interest rates, and this enables them to hold an offer open for a day or two longer.

But if you are considering buying this type of investment, act Monday.

Family Assurance is paying high commission to insurance brokers and other intermediaries who sell the scheme. The commission is £50 per plan, more than the limit laid down by the Life Offices Association. Most other building society plans pay little or no commission.

With some bonds, the investor is locked in for the whole investment period. So you should check the terms for early cash-in. Another snag is that bonds are subject to higher-rate tax.

Higher-rate taxpayers have an immediate tax bill for income in excess of 5 per cent. The balance of the income is taxed when the term is completed.

Thus higher-rate taxpayers should really consider whether these bonds are the best investment.

three years. The balance pays the income.

Most life companies operate a four-year investment period and the guaranteed surrender value is equal to the original investment. As the underlying 10-year policy has run for four years, there is no question of the tax subsidy being clawed back by the Inland Revenue when the investor is a basic rate taxpayer.

The TSB Trust company,

whose bond is one of the newest on the market, has eschewed this method and used instead a single premium endowment policy with guaranteed bonuses to provide the income. There is no tax subsidy so, not surprisingly, the yield is only 8.6 per cent.

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Yield curve somersault

GILTS
TIM DICKSON

FOR followers of the London money markets, these graphs (right) are probably worth a thousand words.

They represent the yields which investors at different times were receiving on various types of gilt edged stock.

The dotted lines, giving the position a year ago, will not cause seasoned City observers to raise an eyebrow. The solid lines, based on Tuesday's statistics, represents current market conditions and historically is highly unusual.

It shows, for instance, that short-term rates are one and a half points above medium and long-term interest rates.

Unusual

This is unusual because lenders who lock their money away for a long time are generally only prepared, given the risks of rising inflation, to do so for a progressively higher return—as last year's graph illustrates.

What therefore does last week's reverse yield curve tell us about the current outlook for interest rates?

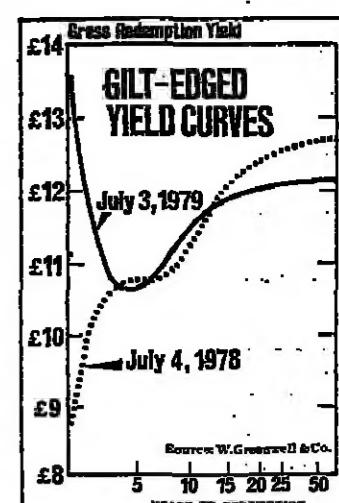
Short-term yields have reached their current levels for a number of reasons: The Government, for instance, has pushed up Minimum Lending Rates to its present 14 per cent in order to choke off the undesirable high rate of monetary expansion. This has been

fuelled by high loan demand from companies, partly because of the consumer boom, and partly because of the winter's industrial troubles which have squeezed corporate liquidity.

The Government, meanwhile, has also been borrowing heavily through the gilt edged markets and the consequent strain on the banking system to finance these gilt purchases (many by foreigners who are also taking advantage of the pound's strength) has led to a severe shortage in the money market. The large inflows of overseas money incidentally have been partly offset by the outflow of sterling to pay for the UK's trade deficit.

Exceptional factors, he says, like the winter difficulties, VAT repayments, and unusually large purchases in March of Certificates of Tax Deposit, have forced up loan demand in recent months. Many of these factors, however, could soon disappear.

As a result lenders have not been keen to hold short term instruments, preferring instead to give their money to medium and long term borrowers. If MLR does then come down the yields on medium and long term gilts will look even more attractive.

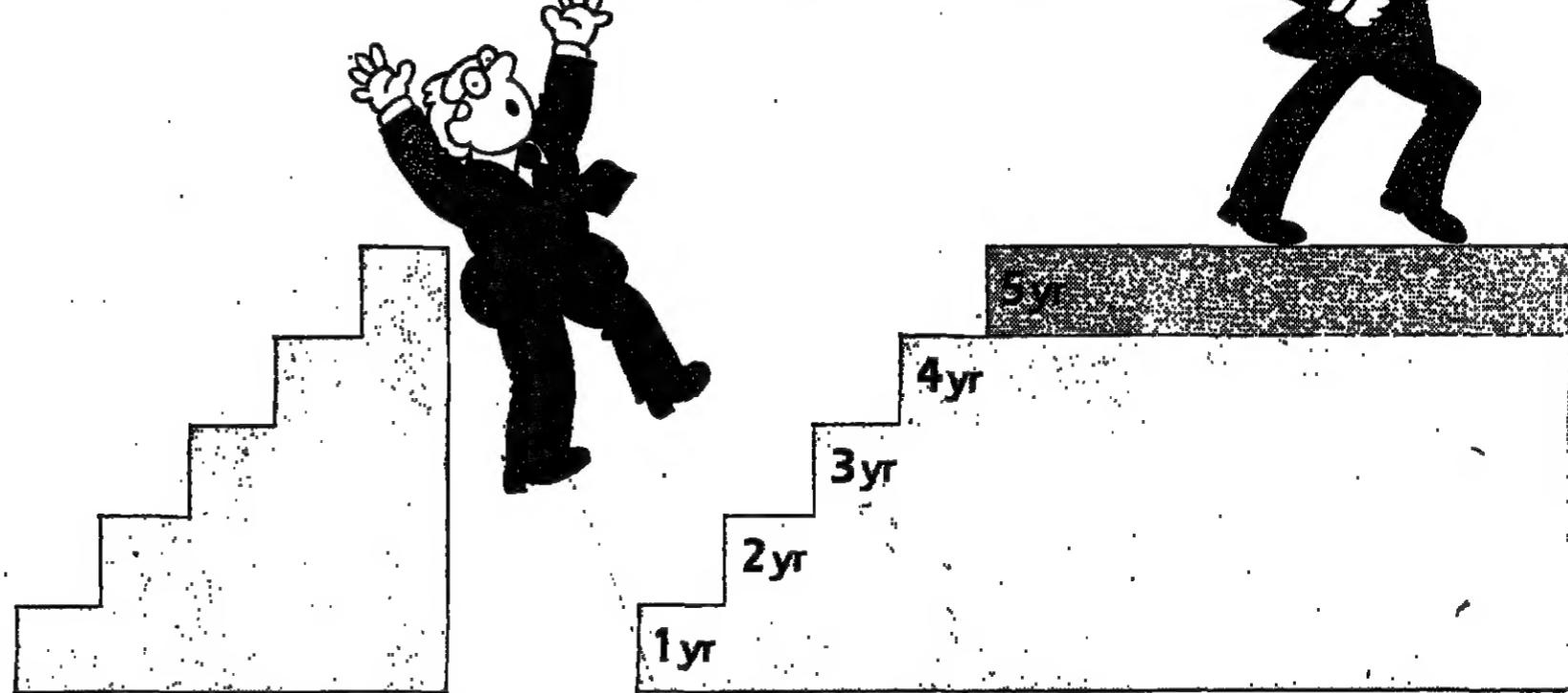


feels this could happen in the next four to five weeks and like many others he thinks this will be followed by a fall in Minimum Lending Rate.

The Government has granted the banks a temporary release of special deposits this week. It insists that the Government's tough monetary policy remains intact. The result: a credit squeeze.

The reverse yield curve, by showing that long term yields are actually lower than short term interest rates, also tells us that the markets expect loan demand to ease off and therefore short term rates to fall.

Peter Scott, the economist at stockbrokers Joseph Sebag,

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BOOKS

Ugly duckling

BY C. P. SNOW

Caroline of Brunswick by Thea Holme. Hamish Hamilton. £8.95. 245 pages

The marriage of the Prince of Wales, later George IV, and the Princess Caroline of Brunswick is one of the bitter farces in British monarchical history. He had made his own choice—Heaven knows how, since he had never seen her, and though she was his cousin, doesn't appear to have collected much intelligence about her. He was in a frenetic hurry to marry her. In other circumstances this might have been flattering to the bride, but the reasons were strictly mercenary. He was even more than usually flooded by debts. If he married, Parliament could be expected to discharge them.

No man in his senses could have thought Caroline a particularly desirable match. She had nothing in the way of physical charm. She was 26 when they married. At that time she was short, fat, dumpy, red-faced. With the years, she became fatter and redder. Lawrence's second and more informal painting is merciless. She was attracted to almost any man, but never found one to love her. She was wild, gauche, and uncontrollably aggressive. She wasn't stupid, but even by the standard of 18th century courts, uninformed and uneducated. She dressed with bizarre eccentricity and seldom washed. She was a pathological liar. Just to compensate, no woman in her senses would have thought the Prince of Wales a particularly desirable match if he hadn't been the heir to the British throne. He was soft, cowardly, faithless, and had no

core of character whatever. He was too fat, and became grotesquely fatter. At times he could simulate a legal presence, but it was like an actor playing the part. He did have a kind of flamboyant aesthetic taste. Unlike Caroline, he was fastidious about his appearance, and certainly washed. Like her he was a pathological liar.

What a poor Prince, said the Tsar Alexander to his sister, on their only visit to London. She enthusiastically agreed, having arrived thinking that he might be an impressive conquest. Within minutes she had changed her mind.

The eye-witness account of the first meeting of the Prince and Caroline would be hard to swallow, if it weren't given by Lord Malmesbury, experienced diplomat, cool observer, better disposed to the Prince than most of his intimates. The Prince took one look, managed to kiss her cheek, and then said to Malmesbury: "I am not well. Pray get me a glass of brandy." Immediately the Prince rushed out to see his mother. A good many men would have behaved better than that; but then, though the First Gentleman of Europe could exhibit beautiful manners when he was on show, they were nothing but skin deep.

The marriage had to take place three days later. The Prince was dead drunk on the wedding night, but Caroline contrived to conceive a child. It was the only night they spent together. Afterwards there was nothing but mutual hatred, the determination of the Prince not to set eyes on her, the determination of Caroline to grab

the privileges of Princess of Wales. The Queen, the Prince's mother, detested her as much as he did, and would barely recognise her. Caroline, who had her own brand of nerve and courage, nevertheless went to Drawing Rooms and Receptions, unless, as sometimes happened, specially excluded because the Prince himself would be attending.

The Prince laid down rules about how much, or rather how little, she was to see of their child. Charlotte, the heir presumptive. There were ludicrous plots for kidnappings and counter-kidnapping. Charlotte had some of her mother's fighting passion, but couldn't keep up with both parents at once. She would have made a strong-willed Queen, but it was perhaps as well that the succession descended to Victoria.

Caroline secured some compensations. She established a raffish Little court of her own, out at Blackheath. There were rumours of wild parties. Since the Prince had spies to watch her, it is a fair bet that he obtained no hard evidence.

There was organised a solemn trial in the House of Lords, under the cover of a Government Bill. It was a ridiculous trial. All the anti-Caroline witnesses were Italian, and many of them rehearsed and bribed. (Byron gave some experienced advice about how far to trust them.) Brougham, who had contempt for Caroline, but was defending her for political purposes, since the King was one of the most unpopular of all British monarchs, and Caroline in consequence a somewhat improbably popular heroine, had one of his triumphs as an advocate.

The Government actually won the vote, but by a margin so narrow that they couldn't take the Bill further. Caroline had got home shakily



Caroline of Brunswick—subject of a new biography reviewed here

—from the miniature by Philip Jean

once again.

However, she didn't get home to Westminster Abbey for the Coronation. The gates were barred against her. If her supporters wanted to force them, there were troops within call.

For once Caroline's daring left her and she went meekly home.

It isn't a tragic story, for neither George nor Caroline were suited to tragedy. There is some pathos, and a great deal of buffoonery. Only very superior persons will find it entertaining, and Thea Holme has told it with economy and great skill.

Mrs. Holme made her name

as an actress, and a very good one. She turned to writing so it seems, latish in life. She has turned out an even better writer than actress. This book needed a lot of indulgent understanding, complete absence of sentimentality, and, as absolutely unpretentious and self-denying literary touch. It is also just about the right length as it might be for a short novel. Many modern biographies are longer than their subjects can support. Thea Holme's judgment and tact are here, as in the detail of the book, an example to others.

Fiction

Strange gods

BY MARTIN SEYMOUR-SMITH

The Yawning Heights by Alexander Zinoviev. Translated from the Russian by Gordon Clough. Bodley Head. £3.95. 623 pages

News from the City of the Sun by Isabel Colgate. Hamish Hamilton. £5.95. 252 pages

Entertaining Strangers by A. R. Gurney Jr. Allen Lane. £5.50. 255 pages

The God of Glass by Peter Redgrove. Routledge and Kegan Paul. £4.95. 147 pages

The Web by Clodagh Gibson-Jarvie, Weidenfeld and Nicolson. £5.95. 233 pages

Alexander Zinoviev is a dissident Russian, a philosopher, who left Russia expecting to return—but found that he was not wanted. This is an old Soviet trick, and one for which readers will remember Solzhenitsyn refused to fall.

The Soviets (not I must hasten to emphasise, the Russians) will be sorry that they so treated Zinoviev, for in this massive work he has made a fool of them, and of their system.

The publishers admit that as the work runs out to 300,000 words, some may not have the leisure to read right through it—and they give as notes of certain especially critical passages. But I think that most readers will read right through it, although a full series of notes would be useful in due course.

Zinoviev is a satirist in the tradition of Swift, of Gogol and of the more recent Zoshchenko (proscribed by the Stalinists).

He comments, most irreverently,

on almost every aspect of Soviet affairs from Stalin to our own times.

He has a good deal of

respectful fun at the expense of

Solzhenitsyn—which he, at any rate, is entitled to do.

The *Yawning Heights* is a complex novel for all those who are not Sovietologists, yet its ironies (and sheer fun) get through. We meet such concepts as "ideologically consistent trousers," and many more. Yet the satire is surprisingly good-natured—especially in the circumstances. The book also has a great documentary value; the framework of fantasy in which it is presented is effective, since there is something surreal about much, if not all, of Soviet life.

It is difficult at this stage to judge the literary achievement of Zinoviev. Russian prose

depends on very fine and subtle writing, and although Gordon Clough's translation is clearly a triumph, we cannot tell from it just how inventive Zinoviev's prose is. But this clearly is an important book, an event—one which may, even only in the light of the Gulag revelations, be as important as those have been.

Isabel Colgate writes with

a deceptive simplicity and directness. Her new novel, covering a period of almost 50 years,

is a highly complex one. It deals

with sexual relationships, hypochondria (notably), and with

various sorts of political commit-

ment ranging from Communism

to careless Fascism. It is about

the poetic merits and

failings of a Utopian community (which is not, of course, Utopian), and

about the effect it has on one person, a woman of shrewdness

and sensitivity.

The author is detached and

restrained—as though she had

recently been reading Eliot

—and uses dialogue with great

skill. The final impression is one

of melancholy and reluctant

sadness: this is a refreshingly

unstated female judgment on

both idealistic men and crazy

women. *News from the City of the Sun* is too modest and quiet

to seem immediately impressive.

Funny SF

BY RAY LARSEN

Blackpool Vanishes by Richard Francis. Faber and Faber. £4.50. 191 pages

The solemn and portentous mythology surrounding flying saucers is long overdue for the harsh pen of the satirist. Now, in this genuinely funny SF novel, the UFO fanatics get

their come-uppance.

What better backdrop for

bizarre events than the dour

normality of Blackpool? The

dear old resort suddenly

vanishes behind an impermeable

barrier, kidnapped by flying

saucers only a few inches

diameter.

>Login is stood on its head

in the tradition of Swift

from being god-like creatures

from a distant galaxy to

invaders turn out to be a

host of bacteria living on our

planet and piloting

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كتاب الأفضل

Across the oil gulf

BY JAMES BUXTON

The Gulf by Molly Izzard. John Murray. £8.50. 314 pages

Molly Izzard has written arguably the best book about the Gulf states since the 1973-1974 oil price rise quadrupled the income of these little countries and their small indigenous populations. Plenty of writers have portrayed the Gulf states—Kuwait, Bahrain, Qatar, and the United Arab Emirates (which includes Abu Dhabi and Dubai)—much as their Ministries of Information want them to be. Brookes makes no secret of the fact that the takeover of Express Newspapers was to a considerable degree to give Victor something to cheer him up, something new to do with the minimum of self-congratulation (and, I am afraid, with the maximum of humour and a rotten title). It is better on the early, more personal years of struggle and eventual success than on the later years of the big deals (Cunard, Express Newspapers), perhaps because the latter are too close. But even those unfamiliar with property dealing (not that there are many in these days of soaring house prices) will find it a fascinating and truthful insight into high finance, bids and deals, real estate, and business analysis.

In human terms, it will undoubtedly be the contrast between Brookes and Victor Matthews that will attract most attention in the book. The often morose, often pessimistic Matthews, with his working class background and manner and penchant for losing money on horses and the upper-crust Brookes with his iron self-confidence, passion for silver, and evolving strategies for making money, have together formed the most successful business partnership in Britain today. Brookes makes no secret of the fact that the takeover of Express Newspapers was to a considerable degree to give Victor something to cheer him up, something new to do with the minimum of self-congratulation (and, I am afraid, with the maximum of humour and a rotten title). It is better on the early, more personal years of struggle and eventual success than on the later years of the big deals (Cunard, Express Newspapers), perhaps because the latter are too close. But even those unfamiliar with property dealing (not that there are many in these days of soaring house prices) will find it a fascinating and truthful insight into high finance, bids and deals, real estate, and business analysis.

It is also indicative that Brookes has produced such a readable book himself. Written in a terse, spare style that both reflects his own mind and is one of the best uses of the English language, it tells a clear story with the minimum of self-congratulation (and, I am afraid, with the maximum of humour and a rotten title). It is better on the early, more personal years of struggle and eventual success than on the later years of the big deals (Cunard, Express Newspapers), perhaps because the latter are too close. But even those unfamiliar with property dealing (not that there are many in these days of soaring house prices) will find it a fascinating and truthful insight into high finance, bids and deals, real estate, and business analysis.

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GARDENING

Pruning trees and shrubs

By ARTHUR HELLYER

PRUNING causes more arguments, more misunderstandings and a greater degree of confusion than almost any other garden task. If it's a most difficult subject to write about intelligently and though beginners are often advised to watch experts at work, there are pitfalls even in that since the experts so frequently disagree what is recommended by one is often being condemned by another.

Two books on pruning have been published recently, and both are attractive and helpful up to a point, though neither entirely escapes the pitfalls I have just mentioned, and they do occasionally contradict one another. One is an entirely new work, an addition to the "Know How" series published by Farnham and entitled *Pruning: Why, When and Where?* The price is £2.95 and the text is by Donald Farning, gardening correspondent to the Daily Express, with line illustrations by Guy Farning and William Tucker.

Mr. Farning knows precisely what he wants to say and has the gift of saying it clearly and succinctly. On the whole the illustrations help him in his task, though I get the impression that neither artist has anything like Donald Farning's grasp of the subject and that each is sometimes struggling to interpret his instructions without any clear idea what it is all about. It is the commonest of problems. Photographs of pruning operations are usually too confused to be much use, and sketches turn into diagrams which look nothing like anything that grows in one's garden. Production is excellent except that the paper is excessively thick and stiff, almost like cardbord, which makes the book clumsy to handle.

One is made even more aware of this in comparing it with the second book, optimistically called *The Complete Handbook of Pruning*. This is a volume markedly thinner than Mr. Farning's yet containing 168 pages against his 117. It has a lot of photographic as well as line illustrations; those photographs in colour being most helpful in showing what is really going on. There are three authors, Brian Hallwell who is assistant curator at the Royal Botanic Gardens, Kew, John Turpin and John Wright who has contributed the chapters on fruit pruning. The price is £3.50.

Since this is a bigger book it has been possible for its author to go into greater detail although that is not necessarily

always an advantage for the novice who may prefer Donald Farning's admirably clear but brief style. Of eucalyptus pruning, for example, Mr. Farning says that "Eucalyptus gunnii, one of the hardest, will lose the attractive cone-shaped blue-grey foliage so liked by flower arrangers, unless branches are pruned back hard annually in spring" which really squeezes everything that is essential into the fewest possible words. By contrast Brian Hallwell devotes two quite long paragraphs to the subject and rather confuses the issue by saying in one place that "cutting off foliage can take place at any time of the year except when in active growth" and then later telling his readers that "to keep trees permanently producing the beautiful juvenile foliage (trees) should be regularly pruned in early May." Surely this is the very period when growth might be expected to be most active?

Which brings me to two of the most highly controversial matters about pruning: the protection of wounds and the prevention of bleeding. Both books give the standard instructions about covering wounds, Mr. Farning being the more precise in recommending white lead paint on Arbutus, whereas Mr. Hallwell merely mentions that there are a number of proprietary wound dressings.

Now I do not doubt that any of these will give protection against invading fungi for a few weeks, even possibly for a few months, but what happens when the wood exposed by large cuts begins to develop radiating cracks, as it undoubtedly will in time? Must the wounds be sealed all over again? If they are not there seems to be nothing to prevent spores entering through the cracks which provide just the kind of moist, protected conditions they enjoy. I do not think it is the usual practice of tree surgeons to take this added precaution and I believe this is not due to carelessness, but simply to the observation that it is unnecessary.

So the danger of wound infection as great as it is usually made out to be? I think it is not and I am fortified in this belief by the fact that for many years I have been unable to find large wounds on my own roses because of lack of time and cannot remember having ever seen a case of infection directly due to this neglect. Added to which, with the possible exception of warm grafting wax, all wound dressings appear to slow down the natural pro-

cess of healing by which a tree or bush provides itself with a new protective covering of bark. So only in special circumstances, as for example when pruning plums where there is a silver leaf problem or cherries when bacterial canker is known to be around, would I really regard wound dressing as essential.

Bleeding is the term gardeners use for the outflow of sap that can occur from wounds and, on occasion, can do great damage, even resulting in the death of whole branches. It occurs mainly, perhaps even exclusively though I am open to correction about that, in deciduous trees, shrubs and climbers (vines can be particularly severely affected) and the real danger period appears to be when the sap is rising but the leaves have not yet developed sufficiently to absorb it.

It is, therefore, a relatively short period differing in time from one species to another according to the moment at which they break dormancy and commence to grow again but mostly occurring in March and April, with an extension into May for some very late leafing trees such as catalpas.

If all this is correct there seems to be no good reason for stating as most experts do, that all heavy pruning of deciduous trees and shrubs should be confined to the autumn and winter months because of the danger of bleeding if it is continued after that period. Stop pruning by all means for those few weeks when the buds are bursting but the leaves are not yet fully formed but after that it seems to me that any necessary pruning, even really heavy lopping, can be resumed with complete safety. With some trees, the plums and cherries for example, it may actually be the best time to do the work partly because danger of infection is lowest then but even more because summer wounds heal more quickly than winter wounds.

To day and tomorrow The Royal National Rose Society is holding its summer show in its own display and trial garden in Chiswell Green Lane St. Albans. As last year, it will be a unified display in which individual rose growers will contribute to one magnificent display organised by a professional designer. This is also an ideal time to see the several model gardens showing the best way to use roses at home. Chiswell Green Lane is only a short distance from M1 and special buses ferry passengers from St. Albans station to the garden.

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 1976 Aug. Rolls-Royce Silver Shadow Saloon. Seychelles Blue, Beige leather, Speedometer reading 36,500 miles. £26,000.
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 1973 May Rolls-Royce Silver Shadow Saloon. Alpine Grey, Beige leather, Speedometer reading 66,000 miles. £27,250.
 1972 Feb. Rolls-Royce Corniche Convertible. Silver Chalice, Red leather, Speedometer reading 26,750 miles. £29,750.
 1973 Jan. Rolls-Royce Silver Shadow Saloon. Shell Grey over Seychelles Blue, Dark Blue leather, Speedometer reading 45,000 miles. £18,450.
 1973 June Rolls-Royce Silver Shadow Saloon. Coffee Bean Brown, Magnolia leather, Speedometer reading 25,000 miles. £18,950.
 1971 Feb. Rolls-Royce Silver Shadow Saloon. Tudor Grey, Beige leather, Speedometer reading 22,500 miles (one owner). £16,250.

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 1978 Jan. Rolls-Royce Silver Shadow II finished in Cardinal Red with Beige hide interior, 1,000 miles.
 1978 Jan. Rolls-Royce Silver Shadow II finished in Gunmetal Grey with Grey hide interior, 10,000 miles.
 1977 Aug. Rolls-Royce Silver Shadow II finished in Moorland Green with Green Dralon interior and Green Everflex roof, 18,000 miles.
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Daihatsu's diesel 4x4. Goes like a tank across country, but does over 34 mpg on the road.



The V8 Land-Rover station wagon. Range Rover engine and transmission in a Land-Rover body.

A great reputation to preserve

BY STUART MARSHALL

A LAND-ROVER with a college education but still a farmer's boy at heart. That just about sums up the latest V8 engined version of the 31-year-old four-wheel-drive field car that has been—and still is—the British motor industry's most successful product.

It feels as unbreakable as ever and has the same uncanny ability to get in and out of places where it would seem folly to take anything off four wheels.

A couple of feet of muddy water, thick slime rutted deeply enough for the axles and spring shackles to touch bottom; gradients one would be hard put to it to walk up. They mean nothing to the Land-Rover V8, given that a reasonably sensitive hand is at the wheel.

It has considerably more acceleration than the four-cylinder and six-cylinder models. The permanent four-wheel-drive with lockable centre differential it has inherited from the Range Rover is probably an advantage when driving on hard surfaced though slippery roads. A top speed of over 80 mph is claimed.

Off the road, it goes at least as well as the smaller engined versions with rather less gear changing. This is fortunate, because the shift of the admittedly brand new one I drove over rough terrain in Herefordshire was stiff and clumsy.

I think a higher degree of assistance for the all-drum brakes would be appreciated, certainly by women drivers, and power steering would seem a near essential. Rover will become less evident.

What is really needed now is a much better diesel engine for the whole range of Land-Rovers.

British four-wheel-drive buyers should look upon the V8 Land-Rover as a straw in the wind. It probably indicates the shape of things to come when the £280m plan to double Land-Rover production capacity is complete in 1982. The present sharp distinction between the rough, tough Land-Rover and its urbane relative, the Range Rover, will become less evident.

The clutch, power brakes and steering are light and the tight

versions are being made at the moment for export. There is quite a lot of offset to the pedals; the brake is where one would expect to find the clutch.

The first batch of V8 Land-Rover station wagons is now on sale in Switzerland, where the vehicle made its debut at the Geneva Show last February. A pick-up version is also available.

Whether the V8 in its present form will go on sale in Britain is uncertain. I believe it was launched on the European mainland primarily to upset the Mercedes-Benz Gelandewagen. This Land-Rover (and to a lesser extent Range Rover) rival is being offered with a four-five and six-cylinder petrol or diesel engine but not as a V8. The V8 Land-Rover, though less sophisticated than the comparable Gelandewagen, will be a good deal cheaper. The Swiss, French and Germans will find it as good at hauling their yachts and horse boxes, which is what most of them will probably be used for.

British four-wheel-drive buyers should look upon the V8 Land-Rover as a straw in the wind. It probably indicates the shape of things to come when the £280m plan to double Land-Rover production capacity is complete in 1982. The present sharp distinction between the rough, tough Land-Rover and its urbane relative, the Range Rover, will become less evident.

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present one is old, rather primitive and too small.

I drove down to Herefordshire to try the Land-Rover V8 in a Daihatsu diesel 4x4 which is better than the petrol version in every respect except noise.

It is faster; a 70 mph cruising rate is possible though 60-65 mph is less strident and it is very economical; my 34.4 mpg over 300 miles of road use compared with 24 mpg I got out of a petrol-engined one this time last year.

Sensibly, Daihatsu have substituted the 1.6 litre petrol engine with a 2.5 litre diesel. It develops nearly as much power (62 horsepower at 3,600 rpm against the petrol engine's 65 hp at 4,800 rpm) and a great deal more torque—107 lb ft at 2,200 rpm compared with 50 lb ft at 3,400 rpm. In practical terms this means the diesel Daihatsu will pull a higher gear than the petrol version whether it is climbing a main road hill or wallowing up to its belly in mud. It is a shining example of the old truth that the best way to make a car go well and economically is to shave in a big motor.

The Daihatsu has eight steering, an excellent four-speed gearbox and a single small lever to control the high-low transfer gearbox and select two- or four-wheel drive. The ride is choppier than a Land-Rover's because the wheelbase is only 80 inches and if you try to corner too quickly on wet road the tail comes round sharply.

The clutch, power brakes and steering are light and the tight

lock makes it as easy to park as a small family car. Off-road, it followed Land-Rovers through what looked impassable even though its tyres had only a mild, town and country type pattern. Even a Rover man who drove it was impressed.

Its driving seat supported me comfortably during a 10-hour journey but the four tiny tip-up perches in the back are strictly for short trips. The hood is poor. It flapped noisily in the wind and decanted a lot of water inside when the door was opened after I had parked overnight in a rainfarm. The optional extra tip-top world seems more practical. Although the rear lights looked vulnerable, they came to no harm during my off-road expedition.

The Daihatsu is not really a substitute even for the short wheelbase Land-Rover. It lacks carrying capacity and, while it clearly has ample power to handle a two-horse trailer, its very short wheelbase could cause stability problems. But as a runabout for up to six people that goes practically anywhere across country and has a mini-car's fuel consumption on road, it is ideal. It won't sell second-hand at close to its new price like a Land-Rover does, though presumably the Land-Rover won't either when Rover's expansion programme is complete and they can be bought off the shelf, like the Daihatsu. Price of the diesel is £5,923. That is £485 more than the petrol, but worth every penny. Not often does much better performance go hand in hand with a big fuel saving.

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TRAVEL

First encounters of the Communist kind

BY DAVID DODWELL

A CHINA Airways Trident ageing but lovingly cared for, climbed away from Hong Kong's Kai Tak airport. On board, 60 nervous tourists—most of them American or Australian—were braced for their first taste of Communism.

The flight to Canton takes only 25 minutes, but most of the passengers shared a pioneering spirit that implied a much more momentous journey.

On take off, air hostesses in simple and poorly-cut white jackets delivered fans, and then bars of Chinese chocolate. Every one kept the Chinese tea one had heard so much about?

Tourists in their thousands are flocking into China nowadays, most of them via Hong Kong. The establishment of diplomatic relations with the United States has opened the way for a flood of well-heeled American tourists. In deference to them, the Chinese have not only imported Coca

Cola but have at last acknowledged American Express cards.

Hong Kong's China Travel office has, since the beginning of this year, been shunting at least three tour groups a week into China. Most of the packages involve a four-day jaunt around Canton, but longer tours taking in Wuhan, Shanghai and Peking are on offer.

Visa formalities are cleared with startling informality. As a journalist, I had expected laborious and meticulous interrogation. But I was in and out, visa cleared, and all-inclusive ticket paid for, in just ten minutes. If I had been an enemy of the socialist state, I would have been well inside the mainland and could have committed all kinds of foul deeds before anyone would have noticed. Perhaps there is a "black-list" somewhere, but it was nowhere in evidence.

This easy-going approach was unnerving. Communism is not supposed to be like this. Several Americans were even more sus-

Trying to get an answer

BY SYLVIE NICKELS

THE YOUNG lady at the recorded message giving basic information and suggesting you write or call in at their office for anything else.

In answer to general enquiries, most tourist offices send a standard pack. This can be quite comprehensive as, for example, the French magazine-style "Traveller" in France, covering an amazing range of subjects. Italy's annual "Travelers Handbook" is very detailed too. Usually, however, a standard pack is unlikely to include some of the very useful brochures available to meet specific needs and interests, which should be stated briefly and clearly, and preferably on a postcard.

The range of subjects covered is naturally geared to the special features of each country. Thus the Dutch have produced "Holiday on Two Wheels 1979" summarising a host of arrangements for cyclists with their own or rented bike. The Danes have a similar leaflet, as well as separate ones on fishing, sea side holidays, farm holidays and a summary of the no less than 80 car ferry services, domestic and international, that ply their labyrinthine straits and sounds. Ireland has some intriguing

little publications on its strange geology and fascinating natural history.

The Swiss have overcome the problem of costly brochures and postage by producing a considerable series of fact sheets on everything from language courses and hotels catering for vegetarians to walking tours and weather facts.

They also have booklets on hobby holidays and a couple of years ago produced a quite hefty and still-available hotel guide for the handicapped. These need to be asked for, of course; the standard pack includes a map, up-to-date travel concessions and the basic introductory facts.

On the cultural front, there are limitless aids to the search for knowledge. A substantial offering from Austria lists all the major museums and collections throughout that country, with addresses, summary of displays, and opening hours.

Germany has excellent material on its castles, Belgium on its art cities and folklore, Yugoslavia on its medieval monasteries, Czechoslovakia on its spas, and so on.

Most tourist offices produce lists of hotels and other accom-

mmodation. The French go one better and have reference files of cards giving illustrated details of a wide selection of hotels and camp sites, with booking forms in two languages which you can send off direct. Eleven hundred of their self-catering sites, too, can be booked through the London office.

Most offices can also produce lists of coming events which are well worth studying at the half-way planning stage. An increasing number are publishing summaries of tours to their countries available through UK firms and these can save a lot of frustration, especially if you live outside London. The Canadians have a particularly good one, and also some excellent material on each of their provinces.

This is in contrast with the mysterious government policy of their large southern neighbour which has limited the United States Travel Service to an information office for the travel trade, currently relying entirely on the latter for the dissemination of facts on travel to the US. This does, however, have some advantage for those living out of London. About 2,600 travel agents throughout

Britain are designated U.S. Travel Planning Centres, with special funding and links with a very advanced computerised system for the supply of literature.

Further-flung corners of the world touch on more exotic themes. Safari countries, like Kenya and India, have fine material on wild life attractions. The latter's temples and palaces, too, get good brochure coverage. Singapore's annually revised Guide Book has a section on what to eat where in this multi-ethnic society whose gastronomy includes Chinese, Indian, Indonesian, Malay, Nonya, Taiwanese, Korean, Thai, Japanese and most variations of western cooking; the shopping advice is as varied.

And what of Britain? Space sumces only to say that, between us, our national and regional tourist boards produce a range of material that, in scope and practicality, compares well with anyone else's. And, if we grumble a bit that for quite a lot of it there is a fairly nominal charge, we may console ourselves with the knowledge that our overseas visitors, at least while still overseas, can get much of it free from British Tourist Authority offices abroad.

tourists seriously, which means starting their day at seven and releasing them exhausted at dinner time. Two slots were left uncommitted, and our itinerary said we would be allowed to "wander free."

Everyone wondered just how literally they could take this invitation — particularly the American Chinese who dearly wanted to see again their natal homes. For them, the trip was a highly emotional one; had China been decimated by Communism? What people lived now in the street where they spent their childhood? Would there be any familiar faces, and would anyone remember him or his family? How would they react?

These men had been adopted by the United States 30 years ago and made rich by capitalist enterprise. What

if they had stayed?

Would they ever return?

Their mood affected many others touring with them.

"Wandering free" was surprisingly easy in Canton. It helped to have a smattering of the language, but still several adventurous souls managed without. Once off the tourist track and into the back streets, the appearance of a "swell," or foreign devil is a rare occurrence. It prompted considerable interest, none of it malicious. And a surprisingly large number of the people who popped out of the woodwork spoke good English. Many had studied in missionary schools as children and were proud to show off in front of neighbours.

An unsolicited arrival seemed to provoke no nervousness. On one early morning jog, I strolled into a light industrial commune which seemed primarily concerned with smelting pig iron. I was stopped after 40 yards and politely turned on my heels,

but in a very civil sort of way.

It is important to remind oneself throughout that Canton is not typical of China. The close-

ness of Hong Kong, and the large number of families with relatives in Hong Kong (750,000 Hong Kong Chinese visited relatives inside China over the Chinese New Year Festival in February) makes Canton a cosmopolitan place by Chinese standards.

The region is one of the most fertile in China, providing two rice crops and one wheat crop every year. So even while China is short of food, the Cantonese rarely go without. The Chinese authorities clearly have little to fear from allowing tourists to "wander free" in this area, but the same is not the case in China's poorer regions.

A China trip would be complete without a visit to a commune, and these visits epitomise the extent to which the Chinese stage-manage their tours. We visited Lo Gang, a commune of 28,000 people east of Canton. The adventurers among us were humbled to discover this commune had been acting host to between 40 and 60 tourists, three times a week, since 1974. The first tourist group rolled up in

1974.

Evidence of tourists past was in every homestead—mainly in the form of fading polaroid snapshots stood on the mantelpiece alongside portraits of Mao and Chairman Hua. As we descended into a light industrial commune which seemed primarily concerned with smelting pig iron, I was stopped after 40 yards and politely turned on my heels,

On the train back to Louwu the Hong Kong border, this time with Chinese tea and recently-presented cans of Coke on offer, one had to conclude that China's communism has its own strange and unique formula—a formula that would take much more than four days to unravel.

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HOW TO SPEND IT

Jewellery: flair, experimentation . . .

by Lucia van der Post

JEWELLERY can be many different things to many different people. To the rich jewellery offers a means of showing just how rich they are or a way of investing a lot of money in a small package which may well prove a much better investment than stocks and shares. To those who love stones the really rare or beautiful gem gives them a thrill that they don't get from anything else.

However, even those who don't have a great deal of money to spend can indulge in a piece which is exquisitely conceived and wrought, where the true value lies in the quality of the design,

or, if you like, the art, rather than in the intrinsic value of the materials.

At the moment in Britain a great deal of jewellery of exceptional quality is being made in small workshops up and down the country and to my mind most of it represents quite astonishing value. There are plenty of bracelets, rings or brooches made in precious metals like gold or silver which can be bought for less than £100. I'd infinitely rather spend my money on this kind of jewellery than on the dead-cast safe-buy. This way one's taste, judgment, acumen are all the more

severely tested but the thrill and the fun are much greater.

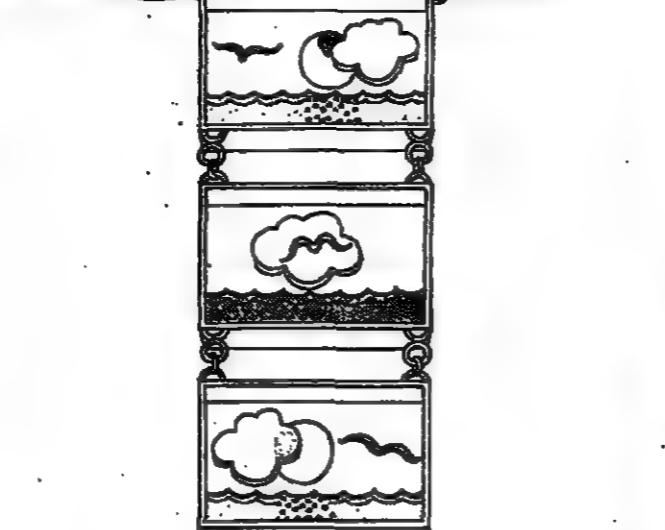
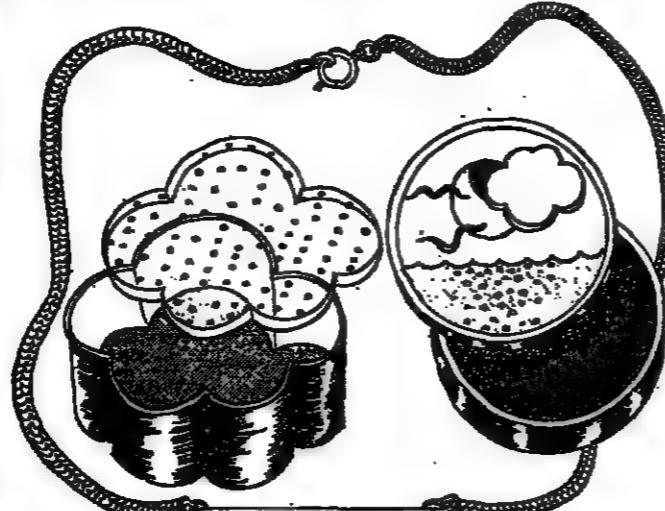
Just at the moment there is the perfect opportunity to look around at the work of several young designers and see for yourselves just how reasonably-priced this jewellery is and to spot, perhaps the Cartier or the Fabergé of the future. Sketch and photographed, here, is a selection of the work from three exhibitions currently on in London: two are at small galleries, and the third is from the famous annual banana for those who want to see what is happening in the jewellery world at grassroots level—Loft.



The Argenta Gallery at 82 Fulham Road, London, SW3 always has interesting and enterprising young jewelers whose work they exhibit and sell. David Jewell, who runs the gallery, has an impeccable eye so anybody interested in modern jewellery should make a point of visiting the gallery from time to time.

Photographed and sketched here is a selection of work by two young people, Jane Birks and David Goodship. Jane Birks, whose work is photographed above, works in silver which is decorated with polyester resin, while David Goodship uses silver frames and sheet acrylic.

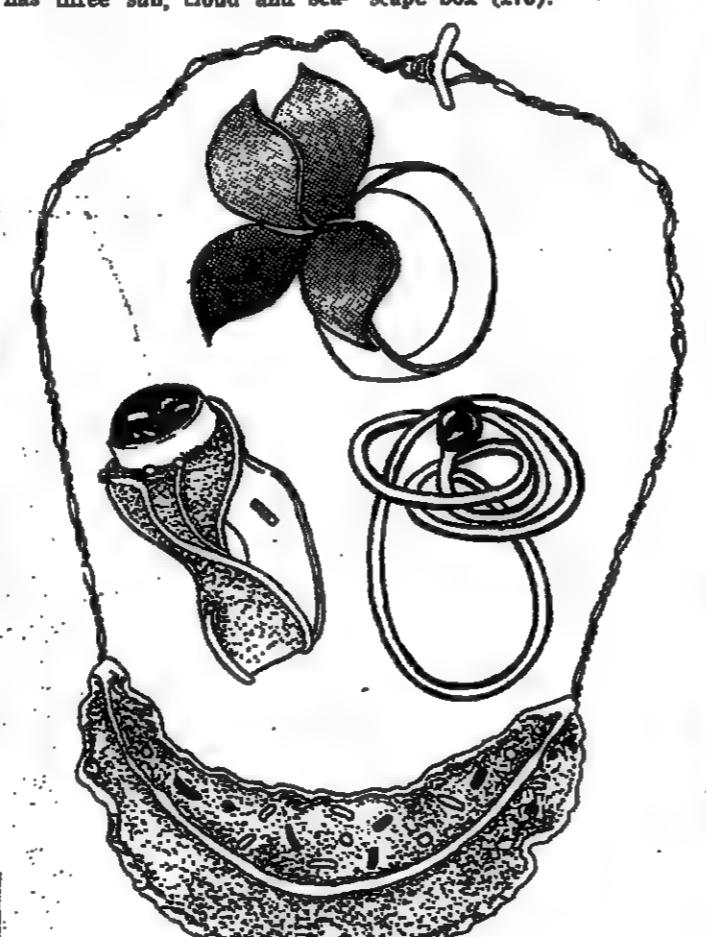
As David Jewell points out in his learned way, "their work is primarily concerned with depicting figurative images but it does



Drawings by Collins Baker

frame to make crisp, almost cartoon-like perspectives that develop as a narrative—see particularly the pendant which has three sun, cloud and sea-

scapes (£100). Set inside the necklace are two of his boxes—one a lovely silver and acrylic cloud (£100), the other a sea-scape box (£75).



NATHALIE HOQC is still under 30 and is managing director of Cartier SA, the world-famous jeweller company. When people discover that her father, Robert Hoqc, is president of Cartier, they tend to nod knowingly, as if to say, "Ah-ha, so that's how she got where she is." They don't think that for long if they have anything to do with her in her working capacity. I believe her utterly when she says: "The fact that my father is president meant that I got there quicker, but I would have got there some time even without him." She is also quick to point out that they don't own Cartier, they only run it, are answerable to boards and shareholders like any other managers.

Mademoiselle Hoqc came into the Cartier orbit when things were not exactly slipping but it would be hard to say that they were flourishing either. Cartier is one of the great blue-chip names in the world and yet since the death of the great genius behind it, Louis Cartier, in 1942, the company had lost its main impetus.

Mme. Hoqc moved very carefully when she first arrived at Cartier. First she analysed the company in depth. Then she set up the archive room where the past richness could be drawn upon wherever necessary.

She recognised at once that it was the genius of the original designs which were the life-blood of the company but that they couldn't go on reproducing them for ever. Somehow creative originality (within the Cartier tradition) had to be re-introduced.

She recalled two designers who were retired and asked them to help train new designers in the Cartier image. "I wanted the fresh, young

impulse coupled with the Louis Cartier style." She set about finding workshops where craftsmen could be trained to make things with the quality the Cartier image demands.

She also saw that Cartier would have to grow and adapt to modern conditions without throwing out the Cartier style. Their old customers were dying off, new markets would have to be found, new needs met. The way to do this, she decided, was to create new things, using the basic Cartier motifs. For instance, one collection just about to be launched explores the theme of the pointed blue sapphire which, as every Cartier fan knows, is part of the winder on the famous tank-watch. Photographed below, right, is a collection of jewellery based on the equally well-known three-colour gold theme.

Just as the original Louis Cartier had found that even his very rich clients didn't always want to spend a great deal of money but sometimes wanted small items to give away as presents, and created his Select line of gifts, so Nathalie Hoqc revived the S for Select idea.

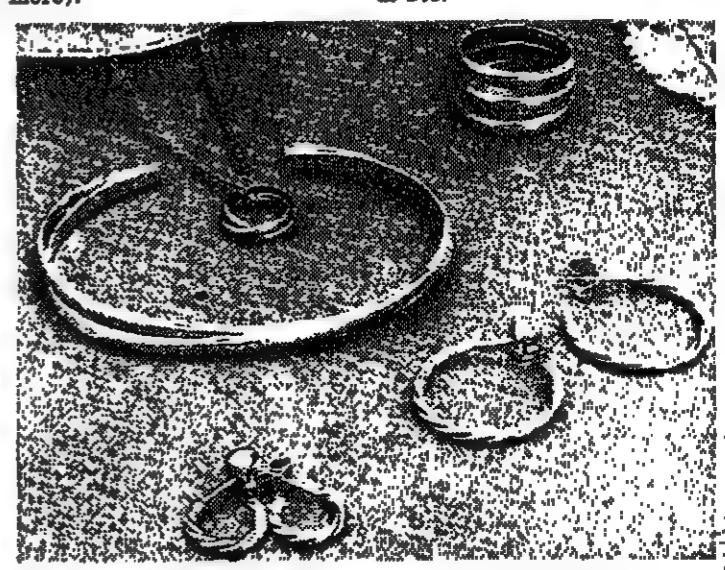
Last year the first of these were launched—a highly successful collection of evening bags, all based on original Cartier designs and a revising collection of hair-slides and ornaments.

To capture the market for lighter, prettier, less expensive but still precious jewellery, a collection of delicate, very wearable pieces for young girls was launched in 1973. Prices started at about £125 and mothers could give them to their daughters for a 21st birthday or



Nathalie Hoqc at work in her office in Paris

on marriage, and successful working girls could even think of buying them for themselves. All these moves have proved popular not only with the customers but also with the accountants—in 1972 the turnover of the three shops in New York, London and Paris amounted to about \$18.5m. In 1978 it came to \$140m (and can go into one and come out with something costing as little as £60).



Just launched in England is this collection of jewellery based on the classic three colour gold theme. All the gold is 18 carat. Top left is a necklace with a pendant ring (£120). The bangle is £280 while the rigid ring top right is only available at the Paris shop (13, Rue de la Paix). Both sets of ear-rings are for pierced ears. Bottom left cost £90 while the larger ones on the right are £120.



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Saturday July 21st

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compartment.
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68cm deep.
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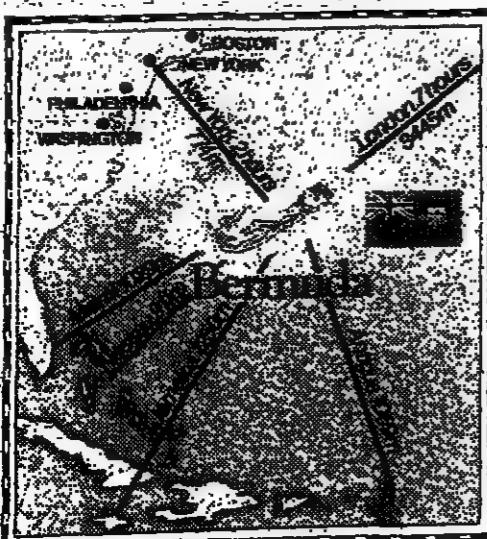
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Name _____
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Postscript

If you're travelling either on business or on holiday in the next few months it would be

worth asking your travel agent for a small leaflet produced by a firm called Copper Wood. They have introduced a range of seven products, all designed to help the traveller and all of them very reasonably-priced and neatly packaged. I daresay some travel souls prefer to package their own collection of emergency aids but personally I find they come in handier sizes when professionally done.

Copper Wood have a crisis kit measuring 5 in x 3 1/2 in which includes things like needle and thread, nail polish remover, emery board, safety-pin, button, spot-remover, rain bonnet, etc. for £1.20. There's a First Aid Kit with some basic medical items for £4.52, a Mosquito repellent pack for 50p. Then there's a Washing and Cleaning Kit (£3.89), a Tailoress Mending Kit (£1.51), a multi-purpose knife (£6.89) and, finally, some webbing luggage straps for £2.44.

All these items can be bought by mail directly from Copper Wood, Industrial Estate, Southwater, Horsham, Sussex RH13 7HQ. If your local travel agent doesn't have their brochure you can also get them by mail. Post and packing will be extra.

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ARTS

McIntyre's message

Press reports of a great shake-up along the corridors of Radio 3 have been somewhat exaggerated. That was the message I took away from a briefing from its Controller, Ian McIntyre earlier this week. Mr. McIntyre's mood can best be described, if he will permit a musical analogy, as rather piano. On this occasion there were no fireworks, no ferris-wheels whizzing round, but instead a quiet, almost pained insistence that under the new regime this network will undergo "an adjustment, a change of emphasis, that's all." The Annan Report defined the role of Radio 3—*to act as "an explorer of new ideas and new broadcasting territory. Its captain must lock his compass on intellectual rigour and artistic excellence."* Mr. McIntyre's compass is, he assures us, thus locked.

RADIO

ANTHONY CURTIS

Quite clearly that does not mean that the music content of the network's programmes should be in any way diluted or diminished. Mr. McIntyre confirmed this by divulging a number of forthcoming concerts to be broadcast on 3 from the Festival Hall, St. John's Smith Square, Chicago and Hong Kong under such conductors as Rozhdestvensky, Leppard, Maael and Solti. They had all the exciting variety and richness we have long come to expect as the norm on this network. On the other hand Radio 3 is not intended to be a channel solely for the transmission of serious music with a few talkies thrown in as a make-weight. The BBC has never gone in for what is called generic radio whereby you have one channel exclusively for classical music, another for pop, another for news. It has always tried to vary the bowing and to make unexpected demands on the listeners' attention. As a public service broadcasting system—to employ a phrase much-used at high level discussions within the Corporation—it is in a unique position to make those demands and long may it continue to be in that position.

There is a tendency, however, for Radio 3 to become willy-nilly a generic music channel and it is this tendency which Mr. McIntyre aims to correct. He intends to "place a rather stronger emphasis on some of the other arts" and to under-

line "the connection between good writing and good radio." In future where you get a major drama production on Radio 3 (*Coriolanus* with Richard Pasco is scheduled to come up soon) it will not have to wait on the end of a concert for its airtime. It will occupy the central spot in the evening's listening. Music will thus no longer, as of right, hog the best slots. And to make more good writers aware of the possibilities of radio there will be a Radio 3 short story competition with a first prize of £1,000.

These moves will be generally welcomed but I wonder if they go anything like far enough. I agree with Mr. McIntyre that the non-musical side of Radio 3 programming sadly lacks excitement and impact but I think it is going to need something pretty drastic to put it right. It surely all goes back to the problem of finding good writers to use the resources of the medium. The list of scheduled literary programmes accompanying Mr. McIntyre's utterance does have a rather dull, commemorative look. Graham Greene at 75, Borges at 80 etc. Is it just pinning for my lost youth that makes me feel they ordered these things better on the old Third Programme? In those days they did not have such sophisticated equipment but what they did have was a nucleus of contemporary poets who were either on the staff as producers or in regular employment as broadcasters, people like MacNeice, Tiller, Heppenstall, W. R. Rodgers, Dylan Thomas, Henry Rees, Philip Larkin, Ted Hughes, Thom Gunn, Seamus Heaney or Douglas Dunn? Or for the matter of that by John Fowles, Muriel Spark, V. S. Naipaul or Francis King?

Am I asking for the moon? What we do have in prospect are plays by Jonathan Raban, Athol Fugard, Don Haworth, James Saunders and Rhys Adrian. There will also be two new talkies, *Medium* and *Message* (examining issues that arise in journalism, publishing and broadcasting) and *What Books I Please* (monthly discussions of literature). Also the controversial Dr. Edward Norman on *The Black Churches of South Africa* and a revival of the idea of inviting an independent critic into the studio to review the week's music output. To make room *Playbill* and *Man of Action* will be dropped.



Audrey Leybourne, Clive Swift, Aaron Shirley and Tara Soppet

All Together Now

If David Storey had written *All Together Now*, currently at the Haymarket Theatre, Leicester, instead of Peter Buckman, it would have been acclaimed as a little masterpiece of social analysis. It has the David Storey hallmarks—no plot to speak of, but a close examination of ordinary folk going about their normal activities, the characters an assortment of miscellaneous vignettes cleverly observed. The normal activity that these folk are going about is a brass band rehearsal in a Midland church hall.

The first act is almost all given to rehearsal details: 50 minutes go by before we reach any dialogue capable of advancing the story. But the rehearsal is such fun I would gladly have stayed with it. There are 15 bandmen; all but three are professional actors, but, between them, they play five cornets, three horns, three trombones, tubular euphonium, and two bass tubas.

Audrey Leybourne, who plays a fat, ratty Welsh second horn-player, started to learn her instrument only when rehearsals for the play began.

Keith, first cornet, is a 14-year-old schoolboy, and David Learner (by permission of Equity), acts almost as well as he blows his instrument. By the end of the evening, the band is well up to a modest professional standard.

The first-act dialogue turns out to be rather sinister. A newcomer, a former Lancashire band manager who has been allowed to sit in on the rehearsal, suggests that the band should get some sponsorship from local tycoons and compete with the prize bands in competitions.

His proposals are welcomed, and in the second act, set few weeks later, he has become conductor of the band, the former conductor having gone back to the cornet, and is driving them relentlessly towards improvement, even fining them for lateness at rehearsals. Improvement, alas, is not what the band wants. They want enjoyment. Playing has ceased to be fun, and now there are threats that some of the less competent may be dropped. One by one, the players leave the rehearsal of a

test piece called "Blenheim," leaving Keith, the boy cornet player, as the only supporter of excellence, until he, too, leaves in a flurry of disappointed anger.

It is a neat little play, and the expert observation of brass-band manners is delightful. Clive Swift plays the new conductor with an icy edge to his most friendly words and an expert flourish of the baton. I was almost as sorry for him when his perfectionism was turned against him as I was for the rest of the band, when they lost their happy occupation.

B. A. YOUNG

Hippolytus' transfers to The Warehouse

The Royal Shakespeare Company's production of David Ruddin's *Hippolytus* which premiered at The Other Place last December, opens at the Warehouse on July 18.

Hippolytus is a realisation by David Ruddin of the play by Euripides. Natasha Parry repeats her role as Phaedra

and sings the sort of Englishing-like best—romantic, charming, a very imaginative voice, the urbanity interrupted by flashes of temper and real passion. His fellow American debutant, the tenor John Alfonso, is dramatically less distinctive, bringing a sweetness of tone and a resourcefulness of technique to Ferrando's music that are most gratifying. The balance with Stafford Dean's impeccable Alfonso, just perceptibly lower than the male half of the cast, "We may miss Marie's singing," Clive Swift, Dorabella. Patricia Parker, who followed her late in the 1978 season, lacks full weight of presence and evenness of voice, though she does some attractive things in her second aria, "Nel mare solca," the strong yet seductive characterisation of every wind solo and consort. (We ought not to have to thank the conductor for the correct application of appoggiatura, the discreet touches of vocal ornament yet even today few Mozart performances are as precisely styled as this.)

There are two newcomers in the 1979 cast: Mr. Titus plays

and sings the sort of Englishing-like best—romantic, charming, a very imaginative voice, the urbanity interrupted by flashes of temper and real passion. His fellow American debutant, the tenor John Alfonso, is dramatically less distinctive, bringing a sweetness of tone and a resourcefulness of technique to Ferrando's music that are most gratifying. The balance with Stafford Dean's impeccable Alfonso, just perceptibly lower than the male half of the cast, "We may miss Marie's singing," Clive Swift, Dorabella. Patricia Parker, who followed her late in the 1978 season, lacks full weight of presence and evenness of voice, though she does some attractive things in her second aria, "Nel mare solca," the strong yet seductive characterisation of every wind solo and consort. (We ought not to have to thank the conductor for the correct application of appoggiatura, the discreet touches of vocal ornament yet even today few Mozart performances are as precisely styled as this.)

There are two newcomers in the 1979 cast: Mr. Titus plays

MAX LOOPER



Alan Titus and Patricia Parker

TV RATINGS w/e July 1

UK TOP 10 (Nielsen Ratings)
1 Coronation St. (Wed) 13.40
2 Coronation St. (Mon) 12.85
3 Weather Takes All (Yester) 12.75
4 Weather Takes All (Yester) 12.75
5 Crossroads (Tue) 12.70
6 Crossroads (Mon) 12.70
7 Crossroads (Wed) 11.75
8 Crossroads (Mon) 11.65
9 Kryton Factor (Gran) 11.40
10 Roots (BBC) 11.20
11 Montevideo (Mon) 11.20
12 Vegas (ABC) 11.20
13 Jeffersons B (CBS) 11.20
14 60 Minutes (CBS) 11.20

CHESS SOLUTIONS

Solution to Position No. 275
(b). The critical line which Portisch missed is 1. K-Pb4 Q-Q2, 2. P-QN3 (intending to attack the Q-side with P-QN4). P-N4 3. P-B5! QPxP; 4. B-B4, QNQxP
5. KR-Q1, winning the knight.

Portisch played 1 BxPxB and the game petered out to a draw in five moves.

Solution to Problem No. 275
1. QxP(B5). PxQ; 2. P-NB4(K)
K-Q3; 3. R-Q8 mate. H. L. K-K
K-Q3; 4. Q-B8 mate. H. L. K-K
K-Q3; 5. Q-B2; 6. Q-Q8 mate.
Not 1 QxP(B4); K-K1; 2 Q-KB4
P-B5.

Figures prepared by Audit of Great Britain for the Joint Industry Committee for Television Advertising Research.

WEEKEND CHOICE

SATURDAY—More sport at 4.15 when BBC1 goes to Gateshead for International Athletics in a match due to include Lasse Viren, Sebastian Coe, and of course Brendan Foster. At 7.15 on BBC2 Ron Pickering reports on Chinese sport in the year that China has been invited back into the Olympics. At 8.50 Humphrey Bogart introduces Petipa's *La Bayadere* in an Evening at the Kirov Ballet on BBC2 and talks in the interval to the FT's dance critic Clement Crisp.

SUNDAY—More sport at 4.15 when BBC1 goes to Gateshead for International Athletics in a

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Humphrey Bogart introduces Petipa's *La Bayadere* in an Evening at the Kirov Ballet on BBC2 and talks in the interval to the FT's dance critic Clement Crisp.

WEDNESDAY—
1. Top Ten (Nelson Ratings)
2. Chess Solutions
3. Lou Grant (CBS) 22.50
4. New Maverick (Mon) (ABC) 20.70
5. Three's Company (Mon) 20.20
6. The Love Boat (Mon) (ABC) 20.20
7. Leisure and Shirley (ABC) 20.00
8. Vegas (ABC) 18.00
9. Jeffersons B (CBS) 17.70
10. 60 Minutes (CBS) 17.70

11. Coronation St. (Mon) 17.60
12. Roots (BBC) 17.50
13. Weather Takes All (Yester) 17.50
14. Crossroads (Tue) 17.50
15. Crossroads (Mon) 17.50
16. Roots (BBC) 17.50
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COLLECTING

Mackintoshes

BY JUNE FIELD

SINCE Sotheby's Belgrave opened nearly eight years ago, more than 220,000 worth of pieces by Charles Rennie Mackintosh have passed through their sale rooms. At the moment the Belgrave auctioneers have a virtual monopoly on the work of the brilliant Scottish architect and designer (1868-1928), who also turned his talents to watercolour painting during the last eight years of his life.

Naturally, the high prices that collectors are now prepared to pay for Mackintosh's work means that British institutions and collectors are often outbid. But as Nicola Redway, who catalogues the sales, points out, the bonus for Mackintosh scholars is that the publicity generated means that there is now much more chance of previously unrecorded pieces coming to light. And the acknowledgement and recognition that he has gained through the sales has added to his stature.

For example, a small oak table sold by Sotheby's Belgrave in November 1978, had been bought from a small antique shop in Norfolk for modest sum with the rather tenuous provenance that it was originally from a house in Glasgow where it had always been referred to as "the Mackintosh table". Research established that it was in fact the table from the Blue Room at Househill, c1898-1914, for which Mackintosh and his wife Margaret Macdonald designed the furniture and interiors. This particular table was part of a set with the upright cabinet sold by Sotheby's in 1975. (The house was designed for Major Cochran and his wife, Kate Cranston, of the famous Glasgow tea-rooms for whom the architect carried out so many commissions.)

The hard core of collectors still come from overseas, with German buyers showing themselves to be a new force in the Mackintosh market. In a sale earlier this year, a German collector paid £2,400 for a heavily restored, high-backed chair from the Argyle Street Tea Room, while another collector paid £700 for a design for a furnishing fabric. A silver plated glass hanging shade went for £600 to an American buyer.

The sale of Decorative Arts of the Arts and Crafts, Nouveau and Deco periods being held at Sotheby's Belgrave, 19 Mount Street, SW1, on Wednesday, includes Mackintosh's own writing cabinet, which he designed about 1905. Constructed in dark stained wood, decorated with mother-of-pearl inlays as well as the distinctive Mackintosh rosebud, the desk was used by the master at his apartments in Meats Street, Glasgow, then Chelsea, London.

The sheet of headed notepaper which was found inside the desk, together with two labelled keys (included in the sale) show that he also took it with him to Port Vendres in the South of France, where he went to live in 1922. The present owner Allan Urquhart bought it for £10 at the Glasgow sale.

"It seemed that Mackintosh came, was recognised for the brilliant young man he was and then left under a cloud. His drawings were filed and forgotten... Since the 1950s all this has changed and now his drawings, buildings, interiors and furnishings are prized and studied and we have all gradually become more and more aware of his unique quality... and to think that this can only now be said to be so, 65 years after he left."

Did you ring, sir?

WHAT IS a fellow to do when he finds on the breakfast tray a biography of his manservant, lurking among the eggs and bacon? Macbeth could not have been more disbelieving when he observed that lethal piece of hardware floating before him in the breeze. Is this a life of Jeeves I see before me? I asked myself, hoping that the tome, with a remarkable likeness of Jeeves on the cover, by Sir Osbert Lancaster, would prove a mere figment and make itself

of Jeeves he does not have to compete with the whimsical Wooster manner, but has devised a comical gravity of his own to re-interpret some familiar material and characters and to provide a wealth of additional material about the most super-super-ego of them all.

He provides Jeeves with a clerical "grandfather," a proof-reader, father, a barnyard mother, and the Christian name of Reginald, all of which sounds about right to me. He goes on to describe his progress up the domestic hierarchy to his present eminence and his previous employment in the Wooster milieu: an uppercrust St Trinian's, among cow men on the Riviera, and an eccentric, noble, parrot-fancier, before entry into service with Bertie.

As the book is not available in paperback — yet — I do not quite know what I am doing reviewing it in this column. My excuse is that Geoffrey Jaggard's Wooster's World has just appeared in paperback from Coronet at £1.25 and it would seem only sensible to review the two books together. Originally published 12 years ago, Mr. Jaggard's companion is arranged in alphabetical order with very long entries of several pages under some headings — like Aunts, for example, and very short ones under others, as in the case of Bankhead, Tullulah.

"Lady Wickham speaks in a hoarse, throaty voice like, after swallowing, a fish-bone the wrong way (JO); Gussie Fink-Nott would not go any too well with (RH)."

"Jeeves," I said, "this next time you devise a nom de plume for yourself try to think of something a little more convincing than 'C. Northcote Parkinson'."

I picked it up and examined the title-page. Jeeves: A Gentleman's Personal Gentleman by C. Northcote Parkinson (Macdonald and Jane's, £4.95). There have been times I confess in the past when Jeeves's brain has worked more rapidly than mine, but on this occasion I was out of the stalls and into the straight before he had time to look round.

"Jeeves," I said, "this next time you devise a nom de plume for yourself try to think of something a little more convincing than 'C. Northcote Parkinson'."

"On the contrary, sir, the gentleman exists. A naval historian by profession, author of several other volumes on a diversity of subjects, a resident of the Island of Guernsey, formerly later of the famous Law."

"Poppycock," Jeeves! I don't believe you."

This might. Bertie Wooster has reacted to this latest piece of literary ingenuity from Professor Parkinson. The professor proved with Horatius how deaf he is at plucking other men's flowers and making a pretty bouquet of his own. As the biographer

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A SPECIAL GENERAL MEETING of the above Society will be held at the Registered

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RENDINA

1. Amendment to Rule 8.

2. Amendment to Table AN4.

3. New Table RAST.

D. STOTT. Secretary.

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FINANCIAL TIMES

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Saturday July 7 1979

Hard facts— wishful words

BY THE END of this week, the markets showed signs of getting back into touch with reality. The Government, however—and ours is not the only one guilty in this respect—seemed to be finding reality a little too hard to bear. The very rapid rise in sterling and in Government stocks faltered, as investors realised that not even North Sea oil can enhance the value of the pound by 1 per cent a week, and that proclaiming monetary targets may be easier than achieving them. The Government, meanwhile, wobbled badly over mortgage rates.

The mortgage affair is not very important in itself, but it does raise important questions. There are far more depositors than borrowers on the books of building societies, but since the average loan is correspondingly much bigger than the average deposit, a rise in rates gives more pain to borrowers than pleasure to savers. Governments have always therefore been sensitive to the pains of borrowers. Since this is a long playing inflationary theme in British politics, there is no need to be too pompous about the odd sight of a Conservative Government pledged to allow free scope to market forces trying to persuade the building societies to ignore those forces.

Escapism

What is disturbing is the background implication—the idea that the Government can check inflation by proclaiming a credit squeeze while protecting voters from any very unpleasant consequences. This was not the only example of wishful government, either. Sir Keith Joseph's apparently stern demand that British Steel should return to profit forthwith shows a somewhat similar escapism.

The Government has adopted a tight-money policy which has resulted in high credit costs and a high value for sterling, and is likely in due course to deflate demand sharply. In these circumstances an inefficient basic industry, suffering surplus capacity, and exposed to foreign competition in a general steel slump, may well be pushed into greater loss. Ministers should be concerned what to do about such realities, not to proclaim that they are intolerable.

Argument

Incidentally, Sir Keith's definition of profit—sufficient revenue to cover interest charges and depreciation—was itself rather question-begging. The difficulty of measuring profit at a time of rapid inflation continues to provoke violent argument between

academics, between investment analysts and in our own correspondence columns. A Government which has called for information accounts as a basis for company taxation needs a more sophisticated approach to the finances of publicly owned industries.

Any realistic system of accounting would be likely to show, as the latest estimates for gross national product do, that we are now suffering a violent profit squeeze in private as well as nationalised industries.

Bolder

These realities will assert themselves soon enough, however; and so will the realities of the energy situation, which were hardly fully confronted by the assembled world leaders in Tokyo, despite their "historic" decisions. An agreement which effectively stabilises imports at present levels will not go very far to disarm the OPEC cartel—or the National Union of Mineworkers; and so far there is little sign of any general willingness to make consumers play their part in even this modest programme. Britain has been somewhat bolder than most developed countries in access to overseas securities. So established had the traditions of the investment currency market become that it was notable how, in recent months, the lobbying for an end to the system tended to suggest that it should be ended gradually only.

There was inevitably a considerable vested interest in the pool of approximately £8bn worth of overseas securities and "investment currency" which is, with certain exceptions, all that British investors have been able to own (as distinct from from) since the war.

Earlier this year the premium price necessary to balance buyers and sellers of currency within this pool was almost 50 per cent. By budget day it was down to 25 per cent. On the next day it was 12 per cent. Since then it has halved again to 6 per cent. The budget and OPEC have thus, between them, wiped roughly £3bn off the British value of Britain's portfolio and property investment overseas, to say nothing of the sterling gains foregone.

Living standards

Some such programme is necessary, but it would not of course provide additional resources for consumption for some years. If the present crisis were effectively confronted it might entail, like a war, a period of enhanced activity but rather austere con-

sumption. That is the real underlying discomfort which Mrs. Thatcher faced boldly in Tokyo. The first step in an effective answer to world inflation and energy shortage is a willingness to reduce living standards for a while. There is little sign of it yet.

THE CHANCES are that in the near future the Government will announce a second phase in the dismantling of British exchange controls to which it committed itself in the Budget. Mr. Denis Healey, the Labour Chancellor, moved with "glacial majesty," Sir Geoffrey Howe became "progressive," and the controls now appear to be melting away in the heat of the moment. Unless the Treasury gets cold feet, the British investor will soon have substantially more freedom to invest in foreign securities than at any time in the last 40 years.

The quandary caused by the rise of sterling has led to this unusual haste. It is impossible to assess what the immediate impact on sterling of a relaxation of controls on portfolio investment will be. But what else can the Government do? It cannot hard heartedly watch foreign investors price Britain out of a job. It cannot, in these monetarist days, satisfy these investors with freshly printed pounds. So, unsure of the final consequences but rather wanting to do it anyway, the Conservative Government may now light the blue touch paper and retire.

The prospect of so rapid a development has been causing some consternation in that part of the City concerned with British access to overseas securities. So established had the traditions of the investment currency market become that it was notable how, in recent months, the lobbying for an end to the system tended to suggest that it should be ended gradually only.

Mounting EEC pressure, culminating in the decision to drop the give-up rule at the start of 1978, made UK investment managers aware that the days of the premium were numbered.

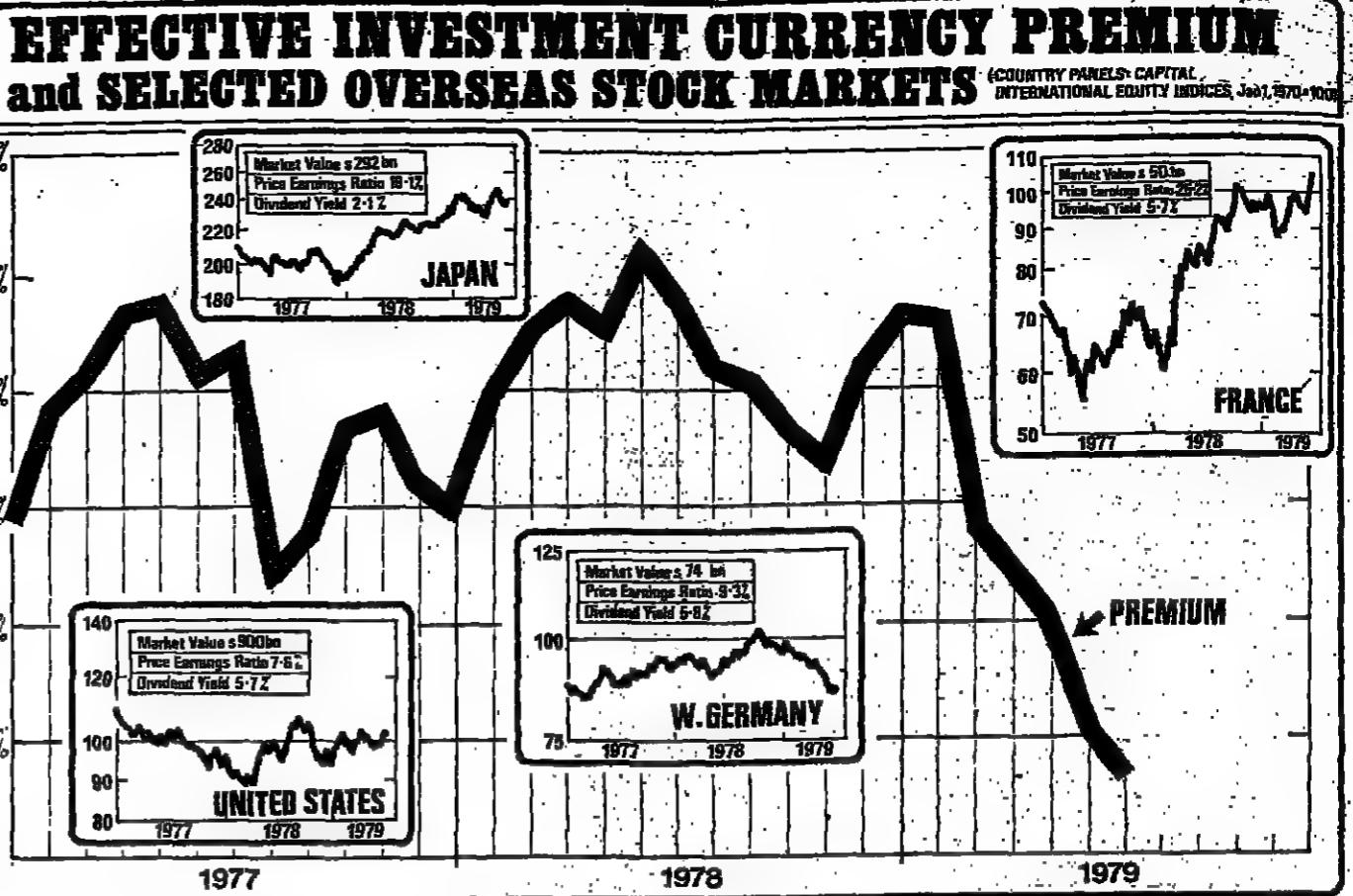
Since that time they have taken steps to ensure that at least part of their overseas portfolios has been financed by foreign currency loans. This trend was very recently reinforced by the budget which removed another rule stating that such borrowing had to be covered to at least 115 per cent either by the value of foreign securities held, or with premium currency.

Yet this does not mean that the removal of the premium has already been discounted. The prospect of its demise has made investing via the premium doubly unattractive. The loan alternative, meanwhile, has been expensive with dollar interest rates high when set against the prospective rewards in dividend yield and capital gain. There is thus widespread agreement among fund managers that a decision to allow purchases with normal sterling would have an important psychological impact on the British attitude to overseas portfolio investment.

A straw poll of fund managers and pension and insurance funds produced the following observations on the possible consequences.

A window on the world for the British investor

BY NICHOLAS COLCHESTER



produced the following observations on the possible consequences.

● There is a widespread intention among fund managers to pay off security loans. An extrapolation of Bank of England figures suggests that such loans must now total some £1.3bn—though it is possible that a recent rapid rise has increased this debt further.

U.S. market pessimism

● Fund managers are not straining at the leash to move money abroad, but the majority of them say that the removal of the present disincentives would raise the proportion of their funds they would be willing to hold abroad if foreign markets were more attractive. A very rough average of this increase in overseas leeway is about 10 per cent of portfolio value.

● Quite a strong disincentive to the use of this leeway appears to be a pervasive disillusionment with the U.S. stock market. For reasons of history and because of its unique liquidity, investing in the U.S. market and investing abroad appear to be synonymous for a number of fund and portfolio managers. Yet this market has gone nowhere this decade. The attractions of the currency have meanwhile evaporated.

● Pensions funds, rather more than insurance companies, seem

to feel restricted in their attitude to overseas investment.

First, they have to bear their trustees in mind. Second, they are particularly aware that their ultimate payout must be in sterling. There is a minority view that the pension funds' job is to invest in appreciating real worth and that in the long run the currency in which this worth is denominated is not

far behind that of the banking, insurance and other markets. Yet the straw poll suggests that even with exchange controls relaxed this will be a difficult decline to reverse. The majority of funds and fund managers explained that they now choose freely between advice and service from a London broker, specialising in another country, from a broker in the City from that country, and from a broker in that country with the emphasis being, if anything, upon the last. Communications have made this choice possible. The implication is that London brokers will do better to compete in the international securities market than to hope that this market will return to London as a result of the new freedom to invest abroad.

It is hard to be categorical here, because there is a thriving Eurobonds market in the City, outside the Stock Exchange and despite exchange controls. But it seems likely that removal of EEC membership gave the Government its first push towards dismantling exchange controls. European bourses are mentioned as an afterthought.

In summary these soundings suggest that relaxation of portfolio exchange controls will cause certain but not dramatic immediate outflows. Whether these will help control the rise of the pound depends on the impact on foreign investors of this new sign of British confidence. It may well be that despite the outflow the pound will strengthen further, and that the exchange rate rewards of the relaxation will be reaped at a time and in a manner which the Government will not welcome.

The longer term effects of the move concern the future of the City as a securities trading centre. The Stock Exchange's contribution to the City's invisible earnings has lagged as one of the biggest inter-

Nostalgia for 1930s

In its evidence to the Wilson Committee the Stock Exchange looked back nostalgically to the 1920s and 1930s when the London "street market" in U.S. and Canadian Securities offered greater freedom to deal than did New York. The Stock Exchange chairman, Mr. Nicholas Goodison, told the committee that "one of the reasons why we have not been able to establish ourselves as one of the biggest inter-

Letters to the Editor

Pressures

From Mr. C. Simeons.

Sir.—Mr. Baker White's question (June 26) as to why the captains of industry have not cheered the Budget has not been answered. In short, they are realists. Like those of us who in our time have watched the economic cycles from within Parliament, they know that the benefits from this dramatic change of direction in the Budget will take a long time to become apparent.

Meanwhile all the pressures will be towards higher wage settlements unless the captains of industry become very tough indeed. This in the light of their own income tax cuts, often exceeding the take home pay of the vast majority of their employees, will not be easy.

The increase in VAT has raised the cost of living considerably because the opportunity has been taken to jack up prices at the same time—as any housewife will confirm. The raising of minimum lending rate coupled with the benefits of North Sea oil have raised the pound to a level where imports are now cheaper while exports have become more expensive.

The costs of mortgages and rents are also likely to increase. The reductions in income tax may not be seen as off-setting, when eventually they are received. The captains of industry have a tough time ahead.

Our real problem today is the low rate of production here compared with our main industrial competitors abroad.

Charles Simeons,

Cardiff Road,

Luton Beds.

Post

From Mr. R. Lovesey.

Sir.—The Post Office blames the state of its delivery service on shortage of staff. It attributes this shortage to its requirement that its employees should work unsocial hours. I for one do not ask that my local postman should get up at 5.00 am to deliver a letter at 11.00 am, when it has already taken seven days to come the seven miles

system (at second class rates) for items posted before say 1 p.m. This would result in more daytime work and less evening and night work for its staff.

David Liss,
28, Alfred Avenue,
Chiswick.

Coasting

From Mr. P. Wootton

Sir.—I refer to your article of June 28 which indicated ways of saving fuel, and would suggest that the writer omitted the best way of making large fuel savings at minimal cost. In my view this would be achieved by fitting free-wheel devices to the final drive of all new cars, as was done with the Rover 12 about 40 years ago.

As a motorist during severe wartime petrol rationing, I know that substantially more than 10 per cent can be saved by "coasting" and although this practice is rightly regarded as dangerous in conventional cars, there can be no reasonable objection if losses are reduced by the use of a properly fitted reliable free-wheel. Modern brakes do not require the assistance of continuous friction losses to back up their performance every time the right foot is taken off the accelerator, and any intelligent driver should be able to drive a properly modified car with complete safety after a little practice.

I am in favour of all methods of saving fuel and certainly hope that the other suggestions mentioned by Mr. Goodison will receive proper consideration in view of the very serious (and worsening) fuel situation.

Philip Wootton,
11, Grammar School Lane,
Northallerton,
North Yorkshire.

Oil

From Mr. W. Whalley

Sir.—It seems worth recalling at the present time that the ICI oil-from-coal plant at Billingham, with a capacity of 100,000 tons a year, was completed, in the early 1930s, in a period of little over two years. Admittedly

all development plans had been prepared beforehand. Moreover an excise preference of four old pence a gallon sufficed to ensure its commercial viability.

These old high-pressure hydrogenation plants are now considered out of date. Nevertheless they worked well enough, the designs are established, and pending development of improved processes they could be built quickly to meet the immediate demand for more petrol. They consumed four or five tons of coal to make one ton of oil; this could be reduced to two tons of coal if nuclear power were used for production of hydrogen and other purposes. In the face of these facts it appears that the world shortage of automotive fuels is self-inflicted.

W. C. R. Whalley,
105 High Street,
Hungerford,
Berks.

Hurdles

From Mr. M. Mitchell

Sir.—In your leading article (July 2) you mention that there is a shortage of engineers but little demand for engineering training. One reason for the latter is the formidable barrier constituted by "A"-level mathematics, since without that qualification the most ardent would-be engineer can go no further. Surely it is this aspect which deserves attention, because the supposed "qualification" is, in fact, unreal.

The authors of the new maths have cast Euclid aside in the earlier stages in their folly (not wisdom), but that of René Thom, one of the foremost mathematicians of our time, and have proceeded from there to build a structure of examinations which is largely unrelated to practical requirements. If anyone doubts that, can they explain why, for instance, the Royal Navy does not require "A"s for helicopter pilots? Or why the Professor of Astronomy at one of our oldest universities did not seek that qualification? When appointing a new assistant?

If we persist in applying such

irrelevant hurdles, we shall soon run out of engineers altogether, and we shall find unemployed PhDs a poor substitute.

M. R. S. Mitchell,
The Old House, Aldham,
Nr. Colchester, Essex.

Interest

From Mr. E. Fromm

Sir.—If the Western countries could bring themselves to act as an entity they could follow one of Switzerland's examples—curtail surplus money deposits and thus reduce the impact of the Organisation of Petroleum Exporting Countries oil increases.

The Swiss have from time to time levelled a negative interest rate on all deposits above certain amounts. As a result of the recent swingeing price increases in the Western world could—if acting in unison—level a 5 per cent negative interest rate on all future recycled OPEC oil billions to be invested in the Western world. The proceeds of these amounts could then be pledged for investment in future energy developments—which in turn would also help OPEC members when their oil runs out in 20-30 years' time.

In the meantime we would pay their prices, however high, and charge negative interests on their recycled wealth—a method which would in all probability bring down oil prices to bearable levels.

Edgar Fromm,
63, Brookland Rise,
Hampstead Garden Suburb,
NW11.

Jersey

From Mr. P. Shirley

Sir.—How in your survey of the Channel Islands (June 29) could you omit the one company that carries the name in general, and that of Jersey in particular, further afield than any other? How can you describe our friends Le Tricoteur and their Guernseys, and omit to mention us and our Jerseys? Sir, how could you ignore us and in so doing get some facts so wholly wrong?

B. A. Cole,
"Drake Wood,"
Dorsetshire Avenue,
Amersham, Buckinghamshire.

largest industrial concern in Jersey. We employ over 250 people in St. Helier, our annual turnover approaches £3.5m and our production of high quality men's knitwear is exported all over the world. In Bahrain, Bootle, Boston, Brussels and Brisbane (let alone Oslo, Oslo, Osaka and Oman) our garments carry the name of Jersey into thousands of discerning households. In truth Sir give credit where credit is due.

P. W. S. Shirley,
Pierre Sangari International,
St. Helier, Jersey,
Channel Islands.

Corporatism

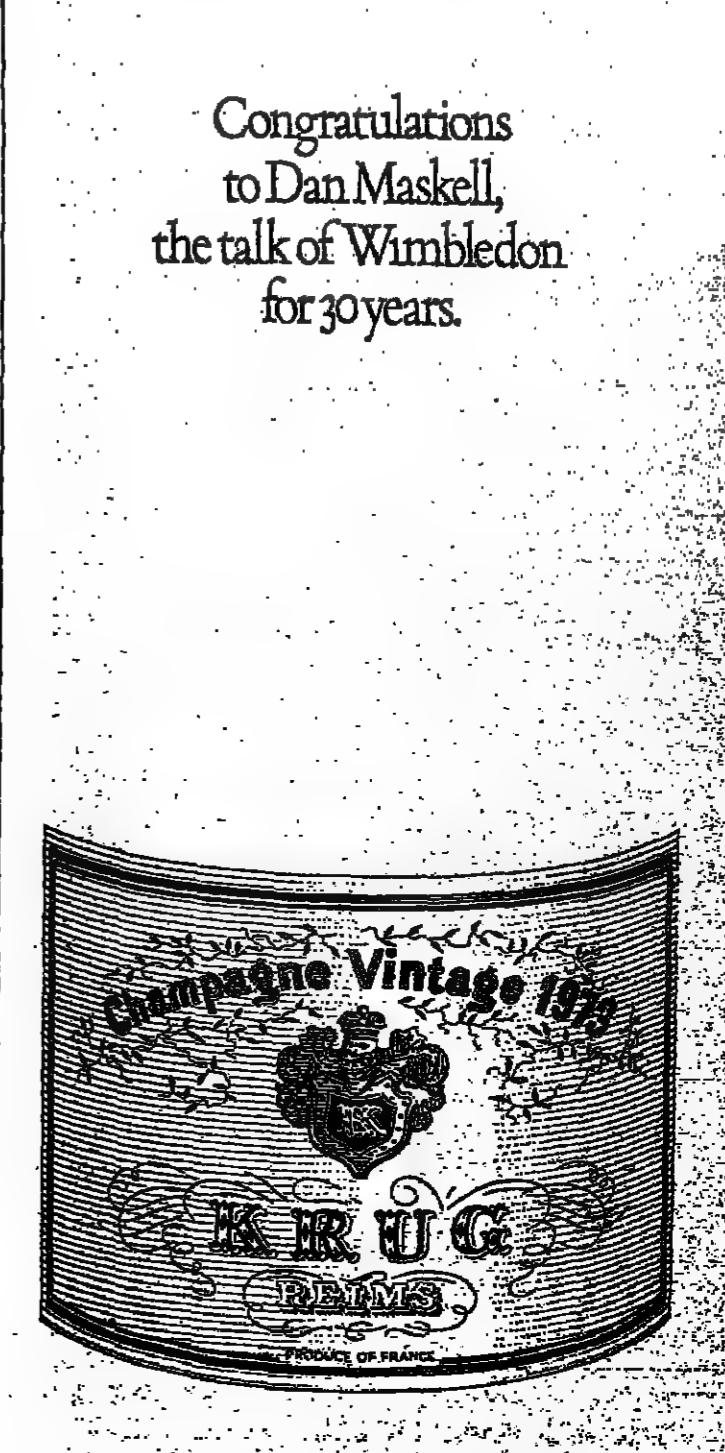
From Mr. B. Cole

Sir—I was pleased to see from Mr. Cockman's letter (June 29) that he is aware of the need for more information about the effectiveness of employee share schemes in this country. It may be that this can provide useful evidence to persuade more companies to introduce schemes, and to convince sceptics that these schemes do generally improve industrial performance.

Mr. Cockman's support for tax encouragement for savings generally is also much appreciated. When he says, however: "Concessions could be worked out to encourage capital accumulation which is related to the performance of Great Britain Ltd." I am worried by the overtones of corporatism. The only bonus the British people should want from better national performance is lower taxes in total.

Selective tax concessions should surely not be used to give an incentive to better individual performance; this is management's job, not the Chancellor of the Exchequer's. Let us keep tax concessions to encourage socially useful economic behaviour among us all, e.g., in the present context saving by taxpayers, not profit-sharing by employers.

B. A. Cole,
"Drake Wood,"
Dorsetshire Avenue,
Amersham, Buckinghamshire.



J. S. Colchester

Diplomacy from hop to hop

SATURDAY AFTERNOON, Hong Kong Dockyard. It is raining. The boat people are huddled together on mats, row upon row, sheltering in make-shift accommodation. Some are outside in the sweltering humidity, washing under cold water taps on the quayside. But most of the 7,500 in the dockyard sit, lie or squat patiently, shoulder to shoulder, in the three disused warehouses that are their only home. The old corrugated iron structure is condemned. If a typhoon comes it will almost certainly be blown down.

It is the typhoon season and fewer junks have been arriving in Hong Kong in the last few weeks. But there still are 12 weighed down with another 1,600 refugees, imposed in the dock waiting to be "processed" by the colonial authorities. Despite their miserable condition, these people are the lucky ones. However painfully, they have survived a hazardous voyage with a one in three survival rate. And they have found a place to land.

A little later, a smiling Lord Carrington steps ashore from a bobbing police launch. (The British Foreign Secretary always smiles when he arrives somewhere or enters a room.) He shakes hands with a very old man, and asks the boat people about their trip. "They seem incredibly cheerful," he comments. Then inevitably, it is time for television interviews against backdrop of the impossible overcrowded junks and, behind them across the bay, the soaring sky-scrapers of Hong Kong Island.

He talks of the misery, the horror, the inhumanity, Vietnam must be internationally pilloried for what it is doing. Later, he is to say that no one could fail to be deeply moved by what he is seeing this afternoon.

In the warehouses, the boat people know that a VIP is about the Malaysians, whom he

expected, but few of them really know who it is, even after he has passed through their ranks and left in his launch. In the primitive medical unit, a refugee doctor takes advantage of the occasion to complain about the shortage of medical supplies and to ask for more needles.

SUNDAY EVENING. On the green lawns of Carcosa, the magnificent colonial residence of the British High Commissioner in Kuala Lumpur, Lord Carrington is sitting in a film director's chair giving a TV interview. It drags on endlessly for the visiting journalists travelling with the Foreign Secretary, who are waiting for their briefing in the elegant porticoes of the mansion. The press is disgruntled. The hotel, some say, is not up to scratch and they have not been properly looked after by the High Commission Organisation, does appear to be a weak point on the Malaysia part of the trip.

The awful truth soon leaks out. While Sir Donald Horley, the amiable High Commissioner, has been recruited from leave in Britain for the visit, no fewer than 16 of the High Commissioners' 25 British staff have sloped off to Singapore for the weekend to see a football match, leaving last-minute arrangements undone. Is not their absence rather remarkable, we ask one of Lord Carrington's party. "That would be putting it rather mildly," he replies.

At the briefing the subject is again the boat people. Lord Carrington is more than ever convinced of the urgency of the problem and believes that its magnitude may just out to be even greater than the world realises so far. Astonishingly, even former members of the Viet Cong, written out of history by Hanoi, the south, are now given a whisky and soda, swelling the mood. Lord Carrington is extremely nice about the Malaysians, whom he

knows well and obviously likes, despite his disapproval of their policy of turning new arrivals back to sea. Afterwards, there is an inconclusive debate about whether the Deputy Prime Minister recently really threatened to "shoot" boat people trying to land (body denied) or merely "shoo" them away (the official version).

MONDAY MORNING: On the flight to New Delhi, not all is well in the Press' travelling quarters at the rear of the RAF VC-10. Someone has put it about that the temperature in New Delhi is 126 degrees Fahrenheit (52 degrees Centigrade), and, worse still, that under a new regulation there is no alcohol to be had anywhere in the city for love or money. The next 24 hours look bleak.

MONDAY AFTERNOON: On arrival in New Delhi, these wild rumours, like so much speculation, turn out to be grossly exaggerated. The temperature is no more than 100 degrees Fahrenheit (38 degrees centigrade), and there are to be no withdrawal symptoms among the Press corps. The hotel has a bar and room service.

But it is not quite so simple. The calendar in New Delhi is now divided roughly 50-50 into "dry days" and "wet days" with the authorities constantly increasing the number of dry ones. On wet days a visitor may drink in the bar and restaurant of his hotel, on dry ones he has to make do with room service. Official functions are always dry.

So it is with some relish that the Press views the prospect of Lord Carrington and his party attending a dry State banquet tonight while we relax in our hotel. At a dry dinner in Kuala Lumpur he had asked for, and the conquest of the south, are now

given, a whisky and soda, but we don't think he will try it here. All too soon, we are laughing on the other side of



Lord Carrington with refugees in Hong Kong: few knew what he was

our faces—we, too, are bidden the Gandhi memorial and then mood at his final Press conference before leaving Delhi. He goes to inspect the "Queen's Tree," a pine longifolia planted by the Queen in 1961 during her state visit. We are pleased to see it is flourishing. Not so the rather sickly looking Soviet and Syrian contributions nearby.

While Lord Carrington works, some of us visit the Red Fort, Delhi's showpiece palace of the former Mogul Emperors. Outside the walls a man covered in a sheet levitates 8 ft into the air to the sound of drums. It is quite realistic. A friendly Indian archaeological student explains the trick. He stands on one foot, slowly raises the other leg and props up the rest of the sheet with three sticks.

TUESDAY MORNING: Lord Carrington, clad in dark suit, inappropriate black tie and disproportionately large bright blue overshoes, lays a wreath at

Indian journalists' message has clearly gone home—even if they are too polite to mention the notorious vaginal examinations of immigrant women at Heathrow. Lord Carrington ends his conference neatly. What, he is asked in challenging fashion is British policy towards Pakistan's reported attempt to develop an atomic bomb? "The same as India's," he replies and takes his bow.

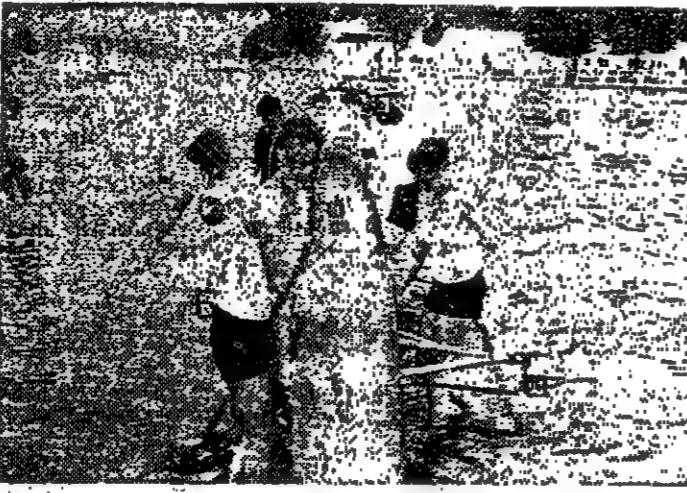
TUESDAY EVENING: The VC-10 lands in Baghdad. This is the most difficult part of the visit. Anglo-Iraqi relations are at rock bottom following a mutual expulsion of diplomats last summer. A British businessman has just been jailed for life on what London believes to be trumped up charges of bribery and economic sabotage. A boycott applies to most new business deals with the U.K. Lord Carrington would like to free the businessman, Mr. Christopher (Ned) Sparkes of Wimpey, but is not sanguine about his chances.

Baghdad is hot, dusty, bustling and prosperous. The country's oil wealth seems to be flowing down through the population, even if it has not yet reached the lowest levels. Small new-looking flats are coursing in great abundance through alarmingly fast-moving traffic. For the tourist, there is not much to see, but no fewer than five large new international standard hotels are under construction. They are to be ready in time for ministerial meetings of the non-aligned movement and the Arab League in Baghdad in 1982. Thereafter, they will doubtless provide accommodation for the expected influx of international businessmen who are devoting even greater attention to the Iraqi market now that prospects are looking so grim for selling to neighbouring Iran.

The awakening of business interest is mirrored at political level. Lord Carrington is the first British Foreign Secretary to visit Iraq since the revolution there in July 1958. In the coming days he is to be swiftly followed by Herr Hans-Dietrich Genscher, the West German Foreign Minister, M. Raymond Barre, the French Prime Minister, and M. Henri Simonet, the Belgian Foreign Minister.

The French have long had the edge over the British in Iraq, and there is some satisfaction in the British camp that Lord Carrington got his visit in first. On Wednesday afternoon, he boards his plane for London, visibly satisfied.

Why the locals think Britain will beat the Americans at Henley... How Brent Walker got into Nile tours... and tales of Spanish Gold



Britain's second women's eight at Henley this week.

Weekend Brief

Money on the home team

at Henley

A classic struggle of giants takes place at Henley Royal Regatta today, when four of the best eight-oared crews in the world meet in the semi-finals of Britain's most coveted rowing trophy, the Grand Challenge Cup. In one half of the draw, Oxford University, including several members of the winning boat race crew from last winter, meet Yale University, who are ranked as the Eastern U.S. champions over 2,000 metres. In the other half of the draw, the British national eight, rowing in the combined colours of Thames Tradesmen and London Rowing Club, meet the University of California, Berkeley, who are the Western United States champions over 2,000 metres. Many of the American supporters who have flocked to Henley this year to encourage their compatriots would like to see Sunday's final as an all-American affair, to settle on the most beautiful reach of the Thames just who are the real American champions.

But the British banksides pundits think differently. Most of the betting is on the British national squad, which has already done well overseas this year, and is due to fly to Lucerne, in Switzerland, during the coming week for the premiere continental international regatta there next weekend. Trained by Miss Penny Chuter, who in recent years has made a big name for herself as a rowing coach, the all-male squad are in fine form and promise to mercy on the Americans, or, for that matter, Oxford University, whom they feel confident they will meet in the final of the Grand on Sunday. The Grand Challenge Cup has in fact gone overseas no less than seven times in the past eleven years, and there will be no lack of encouragement from the banks of the river today to ensure an all British final tomorrow.

Be that as it may, the weekend's rowing at Henley promises to be among the best seen there for many years. It is refreshing to report that the British college and club crews have, having it much more their own way this year, stimulated no doubt by a string of recent international successes. Out of 244 original entries for the regatta, no less than 41 were from overseas, but many of the latter have already been knocked out during the first two days' racing, and the prospects of British victories in both the Thames Cup and Ladies' Challenge Plate are strong, while the Diamond Challenge Skiffs, the Double Skiffs, and the Silver Goblets are all also likely to stay at home. The hot weather and the sluggish stream are against record-breaking times this year, but the weekend's racing nonetheless promises to be exciting and there are likely to be few nicer places to be this weekend than beside the river at Henley.

Mr. Walker's

mix of sun,

sand and movies

With the temperature in Jersey down to a miserable 58 degrees this week (much to the chagrin of the mining fraternity) and the South of France registering a lacklustre 72, last minute seekers of sea, sand and sunshine are starting to look ahead for summer vacation spots.

Brent Walker, the UK leisure and hotel group, has come up with one interesting option for a select few who are prepared to forego the sea and settle for sun and sand: shareholders registered before June 14 are offered ten days in Cairo (where the temperature averaged 97 degrees this week) at the group's luxury El Salam hotel for only £245 for two (less than half the price of a normal scheduled flight and hotel package).

The first tour leaves on July 20 and since the option was announced last week dozens of shareholders have phoned in volunteering to cancel their hols in the Med in favour of the Nile.

The El Salam hotel, which opened earlier this year to provide Cairo with 400 desperately needed first class beds, almost never got off the sand.

George Walker, ebullient and charismatic managing director of Brent Walker had planned to build a hotel in Abu Dhabi.

"We looked at a number of sites in Abu Dhabi but couldn't find one that really appealed. On the way home we stopped over in Cairo. The pyramids and the Sphinx made a tremendous impression on me, but even more striking was the lack of accommodation. We only got a bed because they forced four visiting German businessmen to double up to make room for us—and then we had to pay £100 a night each. Accommodation was obviously so short in Cairo, it seemed the ideal place to look for a hotel site."

Walker's own life—from Billingsgate fish porter, to box office terms, an unqualified success. Says Walker with pride, "It successfully avoided critical acclaim to become a box-office record-breaker." His second film, The Bitch, which like The Stud stars the exotic and erotic Joan Collins, will be launched shortly: Walker expects even better results.

Walker's own life—from Billingsgate fish porter, to internationally-rated boxer to leisure industry tycoon—sounds like the stuff Brent Walker films are made of. But Walker is quick to knock off the head. "I am so tired of hearing that poor boy makes good story. I really wasn't that poor. My father was a drayman for Waitneys, and we always went on holiday on each year—even if it was to Yarmouth. I had a wonderfully loving and secure family life. My mother gave me a tremendous amount of confidence in myself. She was always saying, 'go on son you can do it.' The only thing I ever lacked was a formal education. And I've certainly made up for that in experience."

On the trail of Russian gold

In late October 1976 two-thirds of Spain's gold reserves were shipped by the Republicans to the Soviet Union. The fate of this gold, 460 fine tonnes of it, was shrouded in secrecy and has long remained one of the most emotive issues engendered by the Spanish civil war. However, the myth and rumour surrounding this gold has been conclusively laid bare in a book just published. "The Gold of Moscow" by Angel Vinas, an economist regarded as one of Spain's foremost experts on the civil war history.

Walker's belief in Egypt as a vacation destination is now such that he is planning another luxury hotel there (in Alexandria) and two 70 cabin cruisers to ply the River Nile. He is also hoping that tourism to the Middle East in general will be much boosted by his next "blockbuster" movie, Petrodollar Takeover. Based on the successful novel of the same

MONDAY: Wholesale price index (June—provisional). Transport and General Workers Union conference opens, Scarborough (until July 13).

International Whaling Commission conference opens, London (until July 13). Investigation opens into the loss of the trawler Boston Sea Ranger of Cornwall December, 1977, Great Yarmouth. Central Bank governors meet in Basle (until July 10).

TUESDAY: Central Government transactions, including borrowing requirements (June). UK banks

eligible liabilities, reserve assets, reserve ratios and special deposits (mid-June). London clearing banks' monthly statement (mid-June). Provisional figures of vehicle production (June).

WEDNESDAY: Construction—new orders (March and April). House of Commons debates Ministers and Members' salaries, allowances and pensions. House of Lords debates the economy. Ladbrokes application for casino

licences renewed hearing resumes, Central Hall, Westminster. Accounting Standards Committee of the Institute of Chartered Accountants public hearing into accountancy standards, Dublin.

THURSDAY: House of Lords debates Pensions' Payments and Social Security Bill, all stages. U.S. Congress debates Tokyo Round negotiations on the General Agreement on Tariffs and Trade. Sir Charles Forte

receives International Trophy for Industry, Grosvenor House, London. Seven tin producing nations meet to decide tin agreement, Jakarta. Food and Agriculture Organisation world conference on agrarian reform and rural development, Rome (until July 20).

FRIDAY: Building Society Council meets to discuss mortgage rates. Retail prices index (June). Index of industrial production (May—provisional). Building Societies' receipts and loans (June). Usable steel production (June).

Economic Diary

hearings resumes, Central Hall, Westminster. Accounting Standards Committee of the Institute of Chartered Accountants public hearing into accountancy standards, Dublin.

FRIDAY: Building Society Council meets to discuss mortgage rates. Retail prices index (June). Index of industrial production (May—provisional). Building Societies' receipts and loans (June). Usable steel production (June).

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Independent Newspapers ahead 40% at halfway

PRE-TAX profit of Independent Newspapers, Ireland's largest media group, was 40 per cent higher at a record £1.9m for the half year to June 30, 1979.

Turnover increased by £4.4m to £17.4m, reflecting increased levels of business in all the group's companies. Its publications include the Irish Independent, Evening Herald, Sunday Independent and Sunday World.

The interim dividend is 3.33d per share against an equivalent 2.703d and the final, making 8.6637p on the larger capital, against equal to 7.375p.

All trading subsidiaries contributed to the improved results, says the Board. Earnings per share are shown at 8.6637p (£.25p). Trading prospects for the outdoor advertising companies appear particularly good, the Board reports. Independent has a 51 per cent stake in a new company, Ubane de Publicite et d'Affichage, formed jointly with a major French outdoor advertising company.

Hall-year
1978 1979
Turnover ... 17,434 13,050
Trading profit ... 2,141 1,541
Depreciation ... 228 181
Profit before tax ... 1,234 1,000
Estimated tax ... 765 544
Net profit ... 1,148 816
Minorities ... 146 305
Ordinary dividend ... 300 305

During the half year, the group sold the Stratford Express group of weekly newspapers. Pointing out that more than 50 per cent of profits are now earned outside Independent's traditional business in Dublin, directors say they are constantly looking at new investment opportunities in Ireland and overseas.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding for div.	Total last year	Total last year
Carless Capel (spec. int.)	0.63	Aug. 10	1	1.83	1.03
Joseph Causton	1.08		1	1	1
Eucalyptus Pump ... int.	1.28	Aug. 1	2.71*	4.25	4.25*
Independent Newspapers	3.33		—	0.33	0.33
U.K. Property	0.42		—	—	—

Dividends shown per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. ‡As forecast in June.

Ellerman breweries results

TWO brewing subsidiaries of Ellerman Lines have announced results for 1978. J. W. Cameron & Co. increased profits by about £200,000, but Tollemanne and Cobbond Breweries saw the surplus decline slightly on a year basis.

On turnover ahead from £36.45m to £40.1m J. W. Cameron lifted pre-tax profits from £3.23m to £3.81m. The Board says that the current year started disappointingly because of bad weather, but the outlook for the rest of the year is good.

After tax of £1.5m (£1.3m) stated earnings per share are up from 4.3p to 5.1p. The final dividend of 0.75p net per 25p share takes the total to 1.05p (0.96p).

Depreciation rates have been changed on certain categories of plant and machinery to align with other Ellerman subsidiaries. Consequently there is an additional charge for the year of £150,500 of which £123,000 relates to first-time depreciation of freehold properties.

No provision has been made for deferred tax because it is expected that liability will continue to be deferred for the foreseeable future.

Tollemanne and Cobbond Breweries turned in taxable profits of £473,000 in the 1978 year, compared with £267,000 in the previous 18 months annualised to an estimated £337,000. Turnover stood at £19.24m, against £22.17m (£16.0m).

The directors say the results were hit by poor holiday weather and continuing development costs. But wines and spirits sales continued to show good growth, while managed houses produced their highest profit to date.

Tax credit was £80,000, against a £80,000 charge.

Regalian Properties first half headway

PROFITS before tax of Regalian Properties were up from £337,207 to £483,313 in the year ended March 31, 1978. Turnover amounted to £655,592 against £468,491.

The problem of replacement of stock persist, however, and high interest rates, coupled with doubt as to whether the buoyancy of the residential market will continue throughout the current year, making it extremely difficult for the board to confidently forecast that current profit levels can be maintained.

In view of these doubts the Board has again decided not to declare a dividend. None have been paid since 1973.

The company is in a position

to take advantage of any realistic opportunity the market will provide to build upon the strong base that has been established, the directors say.

After tax of £8,416 (nil) earnings per share are 10.87p (7.58p).

The deficits incurred by certain subsidiary companies which have charged their assets and overheads do not in any way affect shareholders' funds because the parent company has been released from its guarantees and obligations in respect thereof.

It would be misleading therefore to include their results in the group results and for that reason the figures only incorporate the results of the company and its uncharged subsidiaries.

Dollar Land still waiting for outcome of U.S. litigation

BY MICHAEL CASSELL

SHAREHOLDERS IN Dollar Land Holdings expecting a final settlement in the litigation surrounding the sale in 1968 of the company's U.S. properties still have a long wait ahead of them, according to Mr. Hugh Brackett, the chairman.

Although the bulk of the legal disputes arising out of the sale of properties in Texas, Florida and New York have now been concluded, a major stumbling block has been the search for an agreement with the purchasers, Brook Shopping Centres, on the post-closing adjustments to the original purchase terms.

Dollar Land said earlier this year it believed these could be worth nearly £500,000 more than the original purchase price.

The adjustments comprise the detailed calculation of the amount of cash and of the purchase money mortgage receivable in consideration of the sale.

Mr. Brackett said yesterday that Brook is now claiming damages of nearly \$40m from Dollar Land's U.S. subsidiaries in respect of matters which, in its lawyers words, "occurred subsequent to October 10, 1978, or from matters which were not determinable during the trial because of the absence of the

necessary documentation."

Mr. Brackett said the subsidiaries were taking legal advice in New York and "intend to resist these claims vigorously." The new development, he warned, would have the effect of seriously prolonging the delay in reaching a final conclusion.

"In view of the size of the total claim, if the purchaser were to succeed on even a relatively small proportion of the total, it could have a significant effect on

the group's financial position."

Mr. Brackett said he had hoped the post-closing adjustments would constitute no more than an exercise in accountancy but it was now clear more difficult issues would go before the courts and that the matter could be brought to a hearing before next year. He added that the two other major matters of litigation have not changed significantly since his last report in March this year.

There is again no tax for the half-year. Results for 1978 will cover the 18 months to November 30.

Saint Piran appointment

Mr. Malcolm Stone, managing director of Gasic Investments, the Hong Kong company controlled by Mr. James Raper, is joining the Board of Saint Piran.

Mr. Stone, 38, has a background in banking, was a branch manager at Mercantile Bank, in Bangkok, and is an import-exporter.

He replaces Mr. Richard Baywater who was the previous Gasic nominated representative on the Saint Piran Board.

INT. TIMBER RIGHTS RESULT

International Timber Corporation announces that, of the 5,755,761 new ordinary shares offered by way of rights, 4,623,934 (80.4 per cent) were taken up.

Mr. Ellis Goodman, Amalgamated's chairman, said he believed that the significant strengthening of the Amalgamated board through the wide-ranging business and marketing expertise of Mr. Gulliver and his

colleagues would substantially contribute to the development of the group's products. This with the additional funds being introduced to the company will benefit shareholders.

An extra-ordinary general meeting is to be called to approve the deal.

The directors of Amalgamated and certain other major shareholders who together hold 34.69 per cent of the ordinary shares have agreed to the deal.

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APPOINTMENTS

Rockware Glass decentralises

ROCKWARE GLASS, the main subsidiary company within the Rockware Group, is to decentralise its operations into factories. Each factory will have a management executive responsible to the board. The head office remains in Northampton, but the decentralisation means transfer of key staff to the regions and 45 redundancies at Northampton.

New general managers of each region are Mr. J. D. Shepherd (Wheeler), Mr. D. Redhead (Sawley), Mr. G. V. Maund (St. Helens) and Mr. N. W. Kirby (Scotland). Mr. Shepherd was previously managing director of BOUSTRADE, He was previously personnel director. Both were based at Northampton. Mr. Redhead and Mr. Kirby have been promoted from operations director of their respective regions. Mr. P. Coward takes over the central planning function in addition to his technical responsibilities on the Rockware Glass Board. All changes take effect from September 1.

Mr. John L. Leach has been appointed a director of MYSON GROUP.

WILLIAM LEE MALLEABLE has made the following appointments: Mr. Mike Davis becomes managing director of Hird-Brown Electronics. Mr. Nicholas Ford is made director and general manager of Copal Foundries in succession to Mr. A. R. Ford who has retired as managing director. Dr. Malcolm Day is appointed director and general manager of John Betts Refinery. Mr. Albert Trapp becomes a director of John Betts Refinery.

Mr. H. Alan Thomas, regional officer for Wales of the Central Council for Agricultural and Horticultural Co-operation, has been appointed director of the WELSH AGRICULTURAL ORGANISATION SOCIETY. He succeeds Mr. Elwyn E. Thomas who is retiring on health grounds but remains a part-time consultant.

Mr. P. W. Sharman, chief general manager and director of the Norwich Union Insurance Group, has joined the Board of NORWICH WINTERTHUR HOLDINGS. He replaces Mr. C. H. Moore who has retired from Norwich Union. Mr. Moore has resigned as chairman of the Parcels and General Assurances Association, a subsidiary of the Norwich Winterthur Group, and Mr. I. C. S. Leslie has been appointed his successor.

Mr. John McGhee has been appointed managing director of GAFNEY CLINE AND ASSOCIATES, petroleum advisers. He has been on the board since 1974.

Mr. David Eastham, senior partner of stockbrokers, Joseph Sebag and Co., is joining the London board of the BANQUES OCCIDENTALES POUR L'INDUSTRIE ET LE COMMERCE stock and of September.

Mr. R. Johnson and Mr. D. T. Stevens have been appointed directors of ALEXANDER HOW DEN INSURANCE BROKERS.

Mr. David Frost has been appointed a director of CAPPER NEILL INTERNATIONAL. He will be responsible for the company's technical and engineering functions.

Mr. F. Lampi, marketing director (export) of DOWTY MINING EQUIPMENT, additionally has been appointed technical marketing director of the DOWTY GROUP's mining division.

Mr. T. Harry Lingard, non-food director of Billaud Supermarkets, is appointed managing director.

Mr. James Remington Hobbs and Mr. Benjamin M. Weston Wells have been appointed vice-presidents of MOSELEY, HALL-GARTEN, ESTABROOK AND WEEDEN INC., member New YORK STOCK EXCHANGE.

Mr. Donald V. Newbold, chairman of Foster Wheeler Power Products, has become chairman of FOSTER WHEELER, Reading. Mr. Henry Dudek continues with Foster Wheeler as managing director.

Mr. David Greenwood, managing director, Coral Bingo and Social Club, has been appointed an associate director of CORAL LEISURE GROUP.

SUMMARY OF THE WEEK'S COMPANY NEWS

Take-over bids and deals

SCOTTISH AND NEWCASTLE BREWERIES announced an agreed £130p cash per share bid for wine merchants Gough Brothers. Irrevocable acceptances have been given in respect of 33 per cent of Gough's issued share capital owned by directors, their families and related trusts. S and N is offering an alternative of 11 of its shares for every six in Gough with a limit of 5m on the number of S and N new shares to be issued. Gough's off licences, all situated in the South of England, will increase S and N's penetration in the South by providing outlets for its beers and spirits.

SHALEY SECURITIES, 90 per cent owned by the family trusts of Mr. Frank Sanderson, a former chairman of Bovis, made an agreed cash offer of 183p per share for printers and house developers Finlays Holdings. The latter's listing on the Stock Exchange is to disappear.

Brewers and hoteliers Bass increased its number of hotels in Holland from three to thirteen in a £16m deal.

Specialist brick producer Ibstock Johnson exchanged contracts to buy 38 per cent of quality brick manufacturer Glen-Gery Corporation of Pennsylvania and made a \$16 per share bid for the remainder. Ibstock plans to ask shareholders to fund half the \$21m (£13m) purchase price.

Conditional contracts were exchanged for the acquisition by Parker Knoll of velvets weaver K. Raymakers and Sons for £2.7m in cash and shares.

Deals in Evele Holdings and Burnett and Hallamshire were halted pending announcements.

Mr. Michael Thesiger has been appointed financial director of BOUSTRADE. He was previously personnel director. Both were based at Northampton. Mr. Rutherford and Mr. Kirby have been promoted from operations director of their respective regions. Mr. P. Coward takes over the central planning function in addition to his technical responsibilities on the Rockware Glass Board. All changes take effect from September 1.

Mr. John L. Leach has been appointed a director of MYSON GROUP.

WILLIAM LEE MALLEABLE has made the following appointments: Mr. Albert Newsam becomes director and general manager. Mr. Roger Hunt has been made a director and foundry manager. Mr. Randolph Coward has been appointed company secretary and chief accountant. William Lee is a member of the Farnam Group.

Mr. Bland Wodzey, chairman of Barclays American Corporation, formerly American Credit Corporation, has been appointed director of BARCLAYS BANK INTERNATIONAL.

Mr. Bryan Wakeham is to be managing director of LESLIE AND GODWIN MARINE to expand the marine insurance broking activities.

Mr. Philip Bowers has been appointed construction director for TOTTY BUILDING GROUP.

Mr. Kenneth Watson, director of the MCCULL INSULATION GROUP.

Mr. James Edward A. R. Guiness, a public works loan commissioner and deputy chairman of the Board, has been appointed chairman of the PUBLIC WORKS LOANS BOARD in succession to Sir Bernard Valey-Cohen, whose term of office has expired. Mr. William R. Harman, a commissioner, has been appointed deputy chairman of the board.

Mr. Wilfred Bowdell, to be re-appointed a commissioner on the expiry of his term of office. Mr. Hugh Price, to be appointed a commissioner in succession to Mr. Sydney F. Tongue, whose term of office has expired. Mr. Graham R. Russell, to be appointed a commissioner to fill the commission vacancy caused by Sir Bernard's retirement.

Mr. James Remington Hobbs and Mr. Benjamin M. Weston Wells have been appointed vice-presidents of MOSELEY, HALL-GARTEN, ESTABROOK AND WEEDEN INC., member New York Stock Exchange.

Mr. Jonathan Kitchen will be leaving the PANEL ON TAKEOVERS AND MERGERS at the end of September on completion of his term of seconement as secretary. He will be joining Mr. R. J. Taylor, at present manager, life department, has been appointed marketing manager, home division.

Mr. John C. Emery, Jr., chairman and president of Emery Air Freight Corporation, has been elected to the board of HARTFORD NATIONAL BANK AND TRUST COMPANY.

MINING BRIEFS

PAHANG CONSOLIDATED—Tin concentrate production in June was 107,000 tonnes. Tin—Tin concentrate output in June was 65 tonnes.

HONG KONG, TIN—Tin concentrate output in June was 7.8 tonnes.

MOUNT IRON MINES—In the period June 4-July 1, 193,656 tonnes of lead ore was treated, producing 11,650 tonnes of crude lead and 15,500 tonnes of secondary concentrates. 322,622 tonnes of copper ore was treated, producing 10,280 tonnes of blister copper.

MINERS DIE IN EARTH TREMOR

An earth tremor has caused the deaths of two miners and left two others missing at the Rand Mines group's East Rand Proprietary gold mine near Johannesburg.

Rescuers are searching for the missing men—8,500 ft below surface—after the rockfalls caused by the tremor which was felt as far north as Pretoria, 40 miles away.

GOPENG OUTPUT

Among the June tin concentrate outputs shown in the accompanying table, that of Gopenge brings the Eastern producer's total for the last nine months to 1,441 tonnes. This compares with 1,247 tonnes in the same period of 1977-78.

April
Gopenge ... 159 154 157%
Tengong ... 15% 18 11%
Idria ... 22% 24 14%
Panguna ... 4% 30 30%

GLC plans course on new businesses

GREATER LONDON Council plans a course to teach and encourage businessmen to set up enterprises.

The plan, which follows similar successful courses at Manchester Business School, will involve the London Enterprise Agency, the London Region Management Centre and the Central London Polytechnic.

Radioactive fallout down

LEVELS OF long-lived radioactive fallout in the atmosphere have declined steadily since a peak in the early 1960s, says an Atomic Energy Authority report published today.

A slight increase in long-lived products was detected in 1978 as a result of the Chinese high-yield nuclear weapons test of 1976, but levels are now only 2 per cent of those reached in 1963-64.

EDGAR ALLEN, BALFOUR HAS A STRONG INDEPENDENT FUTURE

Aurora is attempting to buy EAB at the low point of its fortunes and before the full benefits of its reorganisation and investment in plant and technology, particularly in the special steels business, can come through.

Even at this early stage in the current financial year ending 29th March, 1980, the EAB Board is prepared to forecast profits before tax of not less than £1.5 million and on this basis to recommend ordinary dividends of 2p net per share.

After 6 months of its current financial year Aurora has given no profit forecast.

Aurora's cash offer of approximately £13.8 million is worth only about 60 per cent of EAB's net asset value of £22.7 million.

EAB is convinced that Aurora's commercial logic is misconceived and the bid, if successful, would result in increased import penetration of the U.K. market for high speed steel.

The Board of EAB believes that the Aurora offer is inadequate and misconceived.

EAB SHAREHOLDERS ARE STRONGLY RECOMMENDED TO REJECT THE AURORA BID AND KEEP EAB INDEPENDENT.

The Directors of Edgar Allen, Balfour Limited have taken all reasonable care to ensure that the facts stated and the opinions expressed herein are fair and accurate and jointly and severally accept responsibility accordingly.

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid fm's**	Final Acc'te date	Bidder
Prices in pence unless otherwise indicated.						
Jenks & Cattell	81½	87	67	123	Armstrong Equipment	—
Knott Mill	78	66	27	2.68	Kelvin Queen	—
Lebus (Harris)	41	41	35	0.88	PMA	—
Sekon Rubber	116½	215	110	2.23	Magpie Inv.	—
Sheepbridge Eng.	108	97	66	3.82	GKN	—
Silhouette	108	55½	55½	2.18	Lawson	—
Silhouette 'A'	103	45½	45½	1.21	Lawson	—
Wellman Eng.	65½	67	68	6.08	Radom, Heinan	—

* All cash offer. † Cash alternative. ‡ Partial bid. § For capital not already held. || Combined market capitalisation. || Date on which scheme is expected to become operative. ** Based on 6/7/79. ¶ At suspension. ||| Estimated. |||| Shares and cash. ¶ Unconditional.

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£'000)	Interim dividends* per share (p)
Assee Fisheries	Mar.	728 (1,350)L	(—)
Bridgwater Brew.	Apr.	623 (2,000)L	1.67
Brown Bros.	Feb.	886 (1,070)	1.0
Burnham Pallet	Mar.	32 (121)	0.07
CGSS	Mar.	32 (150)	0.2
Glanfield Lwrence	Apr.	40 (15)L	0.44
Gough Cooper	Mar.	501 (285)	1.1
Lincroft Kilgour	Mar.	261 (424)	1.75
SGS Group	Mar.	5,120 (4,430)	3.15
Sotherby Park E.	Feb.	4,320 (2,440)	3.5

(Figures in parentheses are for corresponding period.)

* Dividends shown net except where otherwise stated.

† Adjusted for any intervening scrip issue. ‡ Profit attributable to L. Loss.

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Companies and Markets

SNECMA optimistic on orders

By Terry Dodsworth in Paris

THE IMPROVING position of the French State-owned aero-engine company, SNECMA, recently underlined by heavy orders for its new CFM 56 unit is emphasized in its final results for last year.

Pre-tax profits were lifted from FFr 75m to FFr 105m (US\$24.6m) while operating results rose much more sharply by 50 per cent, from FFr 82m to FFr 124.8m.

The company's net profit figure, however, was hit by a much larger tax charge than last year's which reduced the final profit by FFr 45.7m from FFr 70.5m in 1977.

SNECMA makes it clear in its annual report that it is now entering a further phase of growth and development which will entail new capital raising in the near future. Last year, it says, was marked by the beginning of a number of projects which will demand the injection of additional finance.

The company's confidence in the future is based on the fact that it took in orders worth FFr 3.1bn in 1978. Many of these were for the CFM 56, an engine developed jointly with General Electric of the U.S., and now winning many orders to re-equip fleets of DC9 aircraft.

Over a ten-year period, SNECMA calculates that the market potential for this unit amounts to about 1,250 complete engines, plus 500 in replacement parts.

Honeywell SpA ahead

Honeywell SpA, Italian control system subsidiary of electronics manufacturer Honeywell of the U.S., boosted net profits by 78.6 per cent on a sales gain of 11.6 per cent in the year ended June 30, 1978, writes AP-DJ from Milan. Earnings totalled L922.5m compared to L513.8m, while sales were L20.87tn, against L18.7tn.

The First Viking Commodity Trusts**Community Offer - 44.6 Bid - 42.4**

Community & General Management Co Ltd
10-12 St George's Street
Dovergate Isle of Man
M1: 0324 25051

Safmarine to switch from oil shipping to bulk trades

By JOHN STEWART IN CAPE TOWN

SAFMARINE, the South African national shipping line, is to leave the oil transportation business and will expand its bulk trades, especially coal.

The company has sold its 217,000-dwt crude carrier Kulu,

to Greek interests for between \$7m and \$8m, along with a charter which expires at the end of the year.

At the same time, negotiations have reached an advanced stage to dispose of Kulu's sister ship, the 217,000-dwt Connwana.

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Roche to enter French agrochemicals sector

By JOHN WICKS IN ZURICH

THE SWISS chemical concern F. Hoffmann-La Roche is negotiating with Cie. Francaise Philips de Paris to acquire control over the French agrochemicals company La Quinolaine SA, which has a factory near Rouen. Any transaction would be subject to approval by the French authorities.

Hitherto, Hoffmann-La Roche has not been engaged in the agrochemicals sector in France.

Crop protection chemicals within the Roche group are managed primarily by the Swiss subsidiary Dr. R. Maag and were expanded last year by the purchase of an Australian company, Gatton, and now run by the local subsidiary Roche-Maag.

Both partners in the French negotiations have expressed their conviction that a Roche majority participation would provide La Quinolaine with "good opportunities for development both nationally and internationally."

ENERGIE-VALOR, a Credit

Petroleum Exporting Countries in Geneva where oil prices were raised to between \$18 and \$23.50 a barrel for the next three months. The seven-nation Tokyo summit also decided to shift energy reliance to coal and nuclear power.

At present, Safmarine operates two large 160,000 dwt bulkers, Sibson and Vanguard, employed exclusively on South Africa's 10-year iron ore contract with Japan. These ships are backed up by six smaller carriers of 25,000 dwt each, while two multi-purpose medium-sized bulkers, Venture and Victory, are developing large markets in the U.S.

The company has, as yet, undefined plans to expand into oil sales, the carriers and move into coal growth prospects for which the company expects to rise as a result of last week's meeting of the Organisation of

Ian Hargreaves, Shipping Correspondent, writes: Safmarine's move from oil to coal shipping is one of the clearest indications so far of the way shippers will be adapting their bulk fleets in the coming years.

Mr. Michael Pocock, chairman of Shell Transport and Trading, predicted recently that international trade in coal would reach over 500,000 tons a year by the end of the century, compared with 120,000 tons today.

For every additional 100m tons of coal moved annually by sea, he said, there would be a need for 150 bulk carriers of 80,000 tons capacity.

At the same time, Shell's forecasts show oil tanker requirements remaining well below the capacity of the present fleet for the next 20 years. By the year 2000, Shell predicts a demand of around 230m dwt, against a world fleet now of over 330m dwt.

The issue, which is underwritten by the Melbourne broking firm, Potter Partners, seems set for success as the company's prospects reveals the group has already entered an exploration agreement with one of Australia's most aggressive prospectors, Esso Exploration.

Total ventures—to which the company will commit \$50m in agreed stages—cover prospective oil and gas permits in Western Australia and Queensland.

In the Western Australia venture, Oil Company (25 per cent) will join Santos (25 per cent) in two large Esso areas—one offshore—in the Canning Basin.

A feature of the float is the line-up in the boardroom. Oil Company will be chaired by Sir John Proud, long associated with the Australian mining company Peko-Wallendale. Other directors include Lord Catto of Cairncleat, head of the international merchant bank, Morgan Grenfell. Sir Donald Hibberd, chairman of Comalco, Mr. N. G. Green, executive director of Rutile and Zinc Mines, Mr. A. C. Freeleagues, of Beneficial Finance and Mr. G. A. Weston, the local representative of Morgan Grenfell and a director of AMP Discounts (who will serve as Lord Catto's alternate).

Kulin, whose palm oil output last year was badly hit by the drought, said production had fully recovered and the young palms in Ladang Terch estate were now coming into maturity.

Palm oil production from its own estates totalled 14,290 tons for the first half of this year, a 100 per cent increase, while output of palm kernel rose even more, by 110 per cent, to 3,000 ringgit per ton for its palm oil.

However, rubber was affected by a severe winter and output fell by 8 per cent to 923,000 kilos. Kulin obtained 1,400 ringgit per ton for its palm oil.

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LONDON STOCK EXCHANGE

Markets again follow sterling and gilts settle mixed, while equities regain part of recently-lost ground

Account Dealing Dates

Option

First Declars. Last Account

Dealing Dates Dealings Day

July 18 June 28 Jun. 26 July 10

July 2 July 12 July 13 July 4

July 16 July 25 July 27 Aug. 7

7-day "new" dealings may take place from 8.30 am two business days earlier.

Government stocks yesterday

finished a highly creditable week

on a steady note despite the lack of any further overseas investment demand. The latter, attracted by the sharply rising pound, had earlier in the week strengthened the market considerably after supplies of the long term had unexpectedly run out on Monday following exhaustion of the short-medium term the previous Friday.

Trade yesterday was a pale reflection of the standard ruling recently with the erratic course of sterling tending to sway the market. The opening tendency was that of a steady but modulated and losses ranging to 1 appeared. Few operators thought replacement tan stocks would be announced and just prior to the official close of business prices picked up to overnight list levels.

Easier conditions returned, however, in the inter-office trade and medium/longs often settled lower on the day, while the shorts, which had shown some vulnerability earlier in the week, had marginal gains reduced.

Expectations at this end of the market were low-coupon issues which responded to specialist demand with rises extending to 1. Treasury 34 per cent 1979/81 put on that much at 93 ahead of being quoted on Monday with Treasury 3 per cent 1982.

Equities found some comfort in the lack of any fresh advance in sterling yesterday, although concern was still being felt about the impact its recent strength will have on overseas earnings of UK exporters. Leading shares began a penny or so harder and in a sparse trade held the improvement. ICI provided an exception with a fall of 4 to a 1979 low of 298, while EMI and BP were dealt 87 and 73 respectively.

The market debut of Malaysian Plantations, the company formed to handle Plantation Holdings' Malaysian business, was rather subdued: from an opening level of 52p, the shares ended at 57p after having touched 55p. Standard Telephones and Cables, which recently staged an impressive debut, found a further support and improved to 133p.

Banks better

Hopes of good interim statements, due in three weeks time, encouraged a small demand for the major clearers and gains of around 8 were marked against Lloyds, 345p, and NatWest, 370p.

Composite Insurances made modest headway in thin trading with Royal's firming 11 to 351p and GRE adding 8 to 248p, while Commercial Union improved 4 to 150p and Sun Alliance 8 to 524p.

Breweries and kindred issues closed narrowly lower after an exceptionally quiet business Scottish and Newcastle drifted 1 to 67p following the annual statement, while Matthew Clark fell 4 to 132p as recent speculative support diminished. Tommies Distillers added a couple of pence to 162p on favourable Press comment. Dealings in Amalgamated Distilled Products will resume on Monday following the disclosure that Mr. James Gulliver is to take a 10.26 per cent stake in the company.

The majority of Building issues held close to overnight levels in sparse trading, but Brown and Jackson put on 21 to 264p on renewed demand in a restricted market and Maitland-Denny

markings yesterday, at 16204, added 34 to 70p as bid rumours revived. A small interest ahead of Monday's annual results lifted May and Hassell 4 to 86p and Northwest Host 4 to 12p following an investment recommendation. Favourable Press comment on the housebuilding sector failed to stimulate any real interest. Cambell added 2 pence to 37p, while Eastman & Development held at 100p and William Whittingham improved a penny to 70p. Elsewhere, Blundell Permaglaze continued firmly adding a penny more to 96p, but Koberoid met occasional

institutional buyers withdrew; the preliminary results are due on July 18. Store leaders experienced the quietest day's trading for some time, and closed with modest gains in line with the slightly firmer tone of the market as a whole. Gurness A added 4 to 362p, while UDS, 269p all gained 2. Among Shoes, Press comment left Ward White 2 dearer at 36p.

Assisted by comment on the preliminary figures, GEC shook off recent disappointment with the size of the dividend increase

FINANCIAL TIMES STOCK INDICES

	July 6	July 5	July 4	July 3	July 2	July 1	June 30	May 31
Government Secs...	75.57	72.48	73.45	75.18	72.28	71.02	69.71	
Fixed Interest.....	74.27	70.39	74.94	74.57	75.38	72.85	71.78	
Industrial.....	471.0	467.7	475.9	479.5	478.3	455.6		
Gold Mines (Ex-4pm)	167.9	168.2	167.8	169.6	167.8	167.2	167.4	
Gold (Ex-4pm)	157.9	160.4	149.1	150.8	152.4	150.8		
Gold Min.	6.57	6.05	5.87	5.93	5.91	5.88	5.88	
Earnings, Vid. % (full)	16.78	16.89	16.83	16.28	16.53	16.18	17.94	
P/E Ratio (net) (%)	7.58	7.60	7.67	7.79	7.78	7.66	7.66	
Total bargains.....	15,204	17,125	18,098	19,293	17,992	19,372		
Equity turnover (\$m)	—	86.35	94.15	86.44	81.08	110.38	71.87	
equity bargains/total	—	12,058	12,882	12,519	12,157	15,490	15,658	

1 am 465.0, 11 am 465.1, Noon 465.7, J pm 465.7.

2 pm 465.7, 7 am 465.7, 1 pm 465.7.

Latest Index: 01-265 8029

• NIJ -7.25

Basis 100 Govt. Secs. 12/6/62

Ex-S premium index started June, 1972

SE Activity, July-Dec. 1942

	1975	Joint Computation	1976	Joint Computation	
High	Low	High	Low	High	
Govt. Secs...	75.91	64.64	49.19	49.19	49.19
Fixed Int.	74.27	70.39	74.94	74.57	75.38
Industrial.....	471.0	467.7	475.9	479.5	478.3
Gold Min.	167.9	168.2	167.8	169.6	167.4
Gold (Ex-4pm)	157.9	160.4	149.1	150.8	152.4
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HIGHS AND LOWS S.E. ACTIVITY

	1975	Joint Computation	1976	Joint Computation	
High	Low	High	Low	High	
Govt. Secs...	75.91	64.64	49.19	49.19	49.19
Fixed Int.	74.27	70.39	74.94	74.57	75.38
Industrial.....	471.0	467.7	475.9	479.5	478.3
Gold Min.	167.9	168.2	167.8	169.6	167.4
Gold (Ex-4pm)	157.9	160.4	149.1	150.8	152.4
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Equ					

J.P.L. 10/1/79

INDUSTRIALS—Continued

INSURANCE—Continued

PROPERTY—Continued

INVESTMENT TRUSTS—Cont.

FINANCE, LAND—Continued

KF+R
Planning and
Compensation

Knight Frank & Rutley**MINES—Continued**
AUSTRALIAN

1979	High	Low	Stock	Price	+	-	No.	Wk.	Mo.	Y.M.	PE
52	156	146	Hawker Siddeley	156	-	-	222	128	126	11	10
53	156	145	Hawker Siddeley	156	-	-	223	128	126	11	10
54	156	145	Hawker Siddeley	156	-	-	224	128	126	11	10
55	156	145	Hawker Siddeley	156	-	-	225	128	126	11	10
56	156	145	Hawker Siddeley	156	-	-	226	128	126	11	10
57	156	145	Hawker Siddeley	156	-	-	227	128	126	11	10
58	156	145	Hawker Siddeley	156	-	-	228	128	126	11	10
59	156	145	Hawker Siddeley	156	-	-	229	128	126	11	10
60	156	145	Hawker Siddeley	156	-	-	230	128	126	11	10
61	156	145	Hawker Siddeley	156	-	-	231	128	126	11	10
62	156	145	Hawker Siddeley	156	-	-	232	128	126	11	10
63	156	145	Hawker Siddeley	156	-	-	233	128	126	11	10
64	156	145	Hawker Siddeley	156	-	-	234	128	126	11	10
65	156	145	Hawker Siddeley	156	-	-	235	128	126	11	10
66	156	145	Hawker Siddeley	156	-	-	236	128	126	11	10
67	156	145	Hawker Siddeley	156	-	-	237	128	126	11	10
68	156	145	Hawker Siddeley	156	-	-	238	128	126	11	10
69	156	145	Hawker Siddeley	156	-	-	239	128	126	11	10
70	156	145	Hawker Siddeley	156	-	-	240	128	126	11	10
71	156	145	Hawker Siddeley	156	-	-	241	128	126	11	10
72	156	145	Hawker Siddeley	156	-	-	242	128	126	11	10
73	156	145	Hawker Siddeley	156	-	-	243	128	126	11	10
74	156	145	Hawker Siddeley	156	-	-	244	128	126	11	10
75	156	145	Hawker Siddeley	156	-	-	245	128	126	11	10
76	156	145	Hawker Siddeley	156	-	-	246	128	126	11	10
77	156	145	Hawker Siddeley	156	-	-	247	128	126	11	10
78	156	145	Hawker Siddeley	156	-	-	248	128	126	11	10
79	156	145	Hawker Siddeley	156	-	-	249	128	126	11	10
80	156	145	Hawker Siddeley	156	-	-	250	128	126	11	10
81	156	145	Hawker Siddeley	156	-	-	251	128	126	11	10
82	156	145	Hawker Siddeley	156	-	-	252	128	126	11	10
83	156	145	Hawker Siddeley	156	-	-	253	128	126	11	10
84	156	145	Hawker Siddeley	156	-	-	254	128	126	11	10
85	156	145	Hawker Siddeley	156	-	-	255	128	126	11	10
86	156	145	Hawker Siddeley	156	-	-	256	128	126	11	10
87	156	145	Hawker Siddeley	156	-	-	257	128	126	11	10
88	156	145	Hawker Siddeley	156	-	-	258	128	126	11	10
89	156	145	Hawker Siddeley	156	-	-	259	128	126	11	10
90	156	145	Hawker Siddeley	156	-	-	260	128	126	11	10
91	156	145	Hawker Siddeley	156	-	-	261	128	126	11	10
92	156	145	Hawker Siddeley	156	-	-	262	128	126	11	10
93	156	145	Hawker Siddeley	156	-	-	263	128	126	11	10
94	156	145	Hawker Siddeley	156	-	-	264	128	126	11	10
95	156	145	Hawker Siddeley	156	-	-	265	128	126	11	10
96	156	145	Hawker Siddeley	156	-	-	266	128	126	11	10
97	156	145	Hawker Siddeley	156	-	-	267	128	126	11	10
98	156	145	Hawker Siddeley	156	-	-	268	128	126	11	10
99	156	145	Hawker Siddeley	156	-	-	269	128	126	11	10
100	156	145	Hawker Siddeley	156	-	-	270	128	126	11	10
101	156	145	Hawker Siddeley	156	-	-	271	128	126	11	10
102	156	145	Hawker Siddeley	156	-	-	272	128	126	11	10
103	156	145	Hawker Siddeley	156	-	-	273	128	126	11	10
104	156	145	Hawker Siddeley	156	-	-	274	128	126	11	10
105	156	145	Hawker Siddeley	156	-	-	275	128	126	11	10
106	156	145	Hawker Siddeley	156	-	-	276	128	126	11	10
107	156	145	Hawker Siddeley	156	-	-	277	128	126	11	10
108	156	145	Hawker Siddeley	156	-	-	278	128	126	11	10
109	156	145	Hawker Siddeley	156	-	-	279	128	126	11	10
110	156	145	Hawker Siddeley	156	-	-	280	128	126	11	10
111	156	145	Hawker Siddeley	156	-	-	281	128	126	11	10
112	156	145	Hawker Siddeley	156	-	-	282	128	126	11	10
113	156	145	Hawker Siddeley	156	-	-	283	128	126	11	10
114	156	145	Hawker Siddeley	156	-	-	284	128	126	11	10
115	156	145	Hawker Siddeley	156	-	-	285	128	126	11	10
116	156	145	Hawker Siddeley	156	-	-	286	128	126	11	10
117	156	145	Hawker Siddeley	156	-	-	287	128	126	11	10
118	156	145	Hawker Siddeley	156	-	-	288	128	126	11	10
119	156	145	Hawker Siddeley	156	-	-	289	128	126	11	10
120	156	145	Hawker Siddeley	156	-	-	290	128	126	11	10
121	156	145	Hawker Siddeley	156	-	-	291	128	126	11	10
122	156	145	Hawker Siddeley	156	-	-	292	128	126	11	10
123	156	145	Hawker Siddeley	156	-	-	293	128	126	11	10
124	156	145	Hawker Siddeley	156	-	-	294	128	126	11	10
125	156	145	Hawker Siddeley	156	-	-	295	128	126	11	10
126	156	145	Hawker Siddeley	156	-	-	296	128	12		



FINANCIAL TIMES

Saturday July 7 1979

CITY OFFICES
Hampton & Sons
01-236 7831

MAN OF THE WEEK

Challenge from the Right

BY JONATHAN CARR

THE MILLER in Geoffrey Chaucer's "Canterbury Tales" was famed as one who could smash a door off its hinges by running at it head down. Herr Franz-Josef Strauss, the West German Opposition's new candidate for the Chancellorship, looks as though he could do the same. So great is the energy bursting from his burly body that it is easy to misjudge him as a man who can only deal with problems by frontal assault. A litter of political rivals outflanked by Herr Strauss over the years (notably in the "sister" Christian Democratic Party) proved the contrary.

Frankly Herr Strauss is a godsend for lovers of caricature—particularly in a political landscape where few real characters are on view. It is accurate, but incomplete, to draw him as the Bavarian chieftain stomping the Alpine foothills under a white-blue banner, raising his massive beer mug before his adoring Christian Social Union (CSU) supporters and vilifying Socialists. The picture must be rounded out a little.

Born on September 8, 1915, Bavarian junior cycling champion (generally well known);



Franz-Josef Strauss
"I hope the Germans are never in such bad shape that they will want me as Chancellor."

the most brilliant classical student of his generation (less well known); war experience (Stalingrad); a founder member of the Bundestag in 1949; Minister Without Portfolio in Dr. Konrad Adenauer's cabinet at age 38; Minister for Atomic Questions in 1955; Defence Minister 1956-62 and Finance Minister 1966-68.

And what, it may be asked, was this clearly gifted political leader doing between his defence and finance ministry posts? The answer is—for the most part living in disgrace in Bavaria. He had been widely held responsible for police raids in 1962 on the offices of the Hamburg news magazine "Der Spiegel" which published an article on NATO allegedly betraying state secrets. In the ensuing uproar, Herr Strauss was accused of lying to Parliament and had to step down.

This is only one of several "affairs"—albeit the most dramatic—with which the name of Herr Strauss (or those of close associates) has been linked. Herr Strauss dismisses it all as a defamation campaign by political foes—and has emerged more or less unscathed from investigations in and out of court.

There are already signs that some old skeletons are being hauled out of the cupboard again in increased public doubts about Herr Strauss in the run-up to next year's general election. But probably the greatest threat to realisation of his ambitions lies in his lack of oratorical self-control which causes fears that his deeds in the highest government office in the land might match the most disturbing of his words.

Herr Strauss is in full oratorical flight in a wonder-scattering irony abuse like shrapnel and opponents too shocked for a fast response. (Herr Strauss's delivery, the *Bundestag* calculates, averages 311 syllables in 30 seconds against a parliamentary average of 288.) At the time it is scintillating, but in the longer run he delivers ammunition to his enemies.

With intellectual capacity, determination and great political skill he has used a provincial base with a relatively small but united party to rise close to the summit of power. Yet there is always the feeling that years of work might easily be destroyed by unguarded words at a crucial moment. This, after all, is the man who was once tempted into saying publicly

"I hope the Germans are never in such bad shape that they will want me as Chancellor." It is hard to imagine Herr Helmut Schmidt ever saying such a thing.

Nkomo pledge over safety of Queen

BY MARTIN DICKSON

MR. JOSHUA NKOMO, joint leader of the Patriotic Front, announced yesterday that his Zambia-based guerrillas would stop trans-border attacks into Zimbabwe Rhodesia during the Queen's visit to Zambia and the Commonwealth conference.

The move is designed to allay fears for the safety of the Queen, who is scheduled to visit Zambia from July 27 to August 4, and of Commonwealth Heads of Government, who will be meeting in Lusaka from August 1 to 8.

However, Mr. Nkomo's wing of the Patriotic Front, the Zimbabwe African People's Union (ZAPU), said this could not be called a ceasefire since "our forces will continue to operate in Rhodesia. The war will go on."

Mr. Nkomo's statement came shortly after senior British

security officials returned to London with a report on conditions for the Queen's visit. According to a version of the report circulating in Lusaka, this concludes that the tour would be no more dangerous than some others the Queen has made and recommends that it should go ahead.

Mr. Nkomo portrayed recent Rhodesian raids into Zambia as an attempt to heighten fears about the Commonwealth conference and disrupt relations between Zambia and ZAPU.

Hopes

Insisting that he wanted the conference to succeed, Mr. Nkomo announced that, from the start of July 25 until midnight on August 10, ZAPU would not "engage in any such activities at the Zambia-Rhodesia border as are likely to

provide a pretext to the Rhodesian regime to undermine the prospects of the Commonwealth conference being held in Lusaka."

Fears for the safety of the Queen and other Commonwealth leaders are known to focus partly on the possibility of jittery ZAPU guerrillas firing missiles at aircraft in the wake of Rhodesian raids.

In some diplomatic circles last night there were hopes that the Salisbury government might be persuaded to similarly forswear trans-border raids during the conference. The subject may be discussed next Friday when Bishop Muzorewa, the Prime Minister of Zimbabwe Rhodesia, meets Mrs. Thatcher in London.

In London, the Foreign Office welcomed the statement and said: "We are glad that Mr. Nkomo has made this pledge."

NEB and Joseph head for assets sale row

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

THE FIRST public sign of a forthcoming row over whether the National Enterprise Board should be forced to sell some of its assets emerged yesterday. Sir Leslie Murphy, the board's chairman, said that the organisation should be free to take "balanced commercial decisions" within an agreed framework.

The indications are that Sir Leslie is having difficulty in persuading Sir Keith Joseph, Industry Secretary, that the NEB should absorb a substantial slice of private sector money into its operations instead of being forced to sell off major subsidiaries such as ICL and Ferranti.

Sir Leslie met Sir Keith for talks on the NEB's future on Tuesday. Yesterday, he published the text of a lunch-time

speech in which he laid down the terms on which he and his fellow board members believe they should operate.

"The NEB has never acquired shares as a result of Government direction, and the same principle should apply to disposals," Sir Leslie told the Trade Marks, Patents and Design Federation annual lunch.

The NEB had accepted that it should contribute £100m to the £1bn sale of State industry assets being assembled by the Government. But it "should be left to take its own decisions as to how to achieve the savings."

Sir Leslie reflected the terms of a key policy decision taken just before the meeting with Sir Keith by the members of his Board, when he added: "The Board of the NEB feel strongly

that there should be agreed terms of references and that it should have the authority to take balanced commercial decisions within that framework."

One of the areas of contention is whether the NEB should have a role in developing high technology companies such as its INMOS microchip subsidiary. INMOS would play a major role, along with Ferranti and ICL, in a new electronics subsidiary, which the NEB has said it could offer partly to the private sector.

Sir Leslie, who has said in the past that he is not interested in resigning over a difference of opinion with the Government, yesterday underlined the importance of the INMOS type of venture. He said that "most of the NEB's investments are in very good shape."

Parliamentary salaries have not been fully updated for seven years. Since 1975 MPs' pay has risen by 17 per cent while average earnings have soared by some 60 per cent.

Questioned in an Independent Television News interview about the effects of any general wage freeze on the deal, Mr. St. John Stevas said: "I would have thought there would be a case for an exemption, although of course I can't give a guarantee of that."

The revised pay proposals are expected to be approved by the Commons on Wednesday, though some Labour left-wingers may vote against this.

Neither Mrs. Thatcher nor Lord Hailsham, the Lord Chancellor, will accept any increase in their ministerial salaries of £2,000 until 1981.

Cabinet Ministers, currently paid £17,529, including a proportion of the Parliamentary salary, will receive a new rate of about £25,000. By June 1981 they will be paid at least £32,000 a year.

Backbench MPs' pay will rise to £10,725 next June, plus any inflation-linked amount, and to at least £12,000 in 1981 when it is expected that the salary will be formally tied to Civil Service rates.

U.S. halts bombers for Egypt

BY JUREK MARTIN, U.S. EDITOR, IN WASHINGTON

THE U.S. State Department confirmed yesterday that the proposed sale of 50 F-5E bombers to Egypt had been postponed because of the withdrawal of a Saudi Arabian offer to finance the deal.

The Saudi refusal to underwrite the sale, worth over \$500m, reflects the general Arab hostility to the Israeli-Egyptian peace agreement.

The U.S. had retained the Saudis would still provide financing because the arms sale was concluded in principle before the peace treaty and before Arab states had unified in imposing an economic boycott on Egypt.

A State Department official said it remained "conceivable" that the sale would go through

at some stage in the future but meanwhile the U.S. Government had advised the F-5 manufacturer, Northrop, to seek other buyers.

The proposed Egyptian deal was part of the joint arms sale package advanced by the Carter Administration last year which linked military aircraft sales to two Arab nations, Egypt and Saudi Arabia, with Israeli purchases.

It was seen at the time as a demonstration of the U.S. intent to forge a more equitable Middle Eastern policy, and after intense debate was narrowly ratified by the Senate in what was construed as a significant foreign policy triumph for President Carter.

U.S. officials said that a key

element in the Saudi decision appeared to have been the sharp attack on the Kingdom's policies by President Sadat two months ago. The Saudi refusal to underwrite the sale is seen here as the biggest single Arab reprisal yet for Mr. Sadat's conclusion of a separate peace agreement with Israel.

While the Saudi action hardly comes as a complete surprise in Washington, it does constitute something of a disappointment.

The relative Saudi moderation at last week's OPEC meeting, combined with the report that Saudi oil production levels might be increased, had given the U.S. some hopes that the recently fractious relations with Riyadh might be on the mend.

It was announced yesterday that the President had cancelled a weekend address to the National Governors' Conference in Kentucky, but had invited the governors to send a representative group to Camp David last night to join the talks.

There were also reports that leading business executives would be summoned to confer with the President. Key Congressmen are expected to take part, but no names of participants have been officially released.

It was announced yesterday that the President had not explained adequately why Mr. Carter abandoned his energy address to the nation, due for Thursday night, or what additional steps he was now taking.

This has also provoked speculation in Washington about sharp disagreements among his advisers and critics about what is seen by some as another example of presidential indecisiveness.

The most plausible explanation is that the President decided that a rather vague speech confined largely to energy would not suffice in the current climate of national concern.

On the flight back from the Tokyo Economic Summit, he said that the latest OPEC oil price increases made a recession in the U.S. more likely, and that any major address would therefore have to focus on this eventuality.

Arameco's last annual report put proven reserves at 113.3m barrels only 2.9m barrels above the 1977 estimate, and probable reserves at 177.8m barrels in the world.

Diplomats in Jeddah are talking of a field comparable to the Ghawar field, the world's largest, near which the new discovery has been made. Oil men who know of the strike say that it is far too early yet for the extent of Jawh to have been even roughly measured but the indications are that it is a "whopper."

Sheikh Yamani in his recent interview said that Saudi Arabia's proven reserves amounted to about 200bn barrels, in addition to which there was about 100bn barrels more in probable reserves.

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Briginshaw

up through the union or by officers in their own authority and into Swiss bank accounts.

At its previous meeting in 1978 the governing council had refused to accept the union financial statement and auditor's report and called for a special audit of NATSOFA accounts.

The March governing council also instructed: "Bearing in mind the difficulties in obtaining information about past companies due to the destruction of records after liquidations, that in future no companies associated with the society, or owned by the society or its officers with executive council permission, shall have their records destroyed."

In a statement after that council meeting, Lord Briginshaw said that all actions by officers and staff were "in accordance with the known and decided policies and instructions of the executive council and appropriate ballot votes of the members."

He resented the "continuing witch-hunt" into NATSOFA's affairs. In 1981, he said, NATSOFA was in "incipient bankruptcy as a result of inter-war 'generosities' with certain benefit to the membership."

"Policies and actions initiated with the executive councils of 1981 and subsequent years" avoided bankruptcy during those years.

Lord Briginshaw was NATSOFA general secretary from 1961 until 1975, the year in which he retired and received a peerage.

Cabinet Ministers £7,000 pay rise

BY PHILIP RAWSTORW

CABINET MINISTERS are to receive an immediate pay increase of more than £7,000 a year, under Government proposals published yesterday.

Backbench MPs will be given a rise of over £2,500 to £9,500 in a revised deal agreed by the Cabinet.

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The Government's original proposal was that the increase should be paid in three equal instalments. This has been amended to give half the recommended increases now and the rest in two further instalments in 1980 and 1981.

The Government has pledged to top up next year's instalment to take account of inflation during the next 12 months.

Agreed

It has also agreed to refer back to the Boyle Committee the question of linking MPs' future pay rates to certain grades in the Civil Service or to other professions.

Mr. Norman St. John Stevas, Leader of the Commons, said yesterday that such a link would avoid "the perennial embarrassment" to the Commons of voting its own pay increases.

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THE LEX COLUMN

Big funds take a long-term view

Index rose 3.3 to 471.0

Again this week the spot-light has been on the gilt-edged market which quickly swallowed up the last of the long tap on Monday and, then untrained, was able to reflect its enthusiasm in prices. The FT Government Securities Index has put on almost 20 points in the five trading days, a gain of 3.4 per cent. But equities have remained quiet and unsettled, with little response even to the news that BP is to pay out a more than double dividend for 1979. The FT 30-Share Index is 2.4 points easier on the week.

There are two reasons for the contrasts in the stock market between the tumult in gilts and the lethargy of equities. One is to be found in the behaviour of the foreign exchange markets, where sterling has been hitting the headlines.

At the moment any rise in sterling is associated in the minds of active stock market investors with the thought of foreigners moving in to buy gilts.

Whether the foreigners have actually been buying gilt-edged on a large scale, or whether most of the buying has been by domestic investors trying to get the first, the immediate result is the same.

On the other hand, strength in sterling is also linked by investors with pressure on the competitive edge of British exporters. And since the foreigners do not seem to be tempted to buy British shares on any scale, equities have wittered as the pound has bloomed.

There is another reason for the focus on gilts, however, and this reflects the fact that a great deal of strategic thinking is now being carried out in the City. Although the change of Government has not so far been reflected in any noticeable shift in short term financial policies, the